NOVEMBER 18, 1985 THREE DOLLARS

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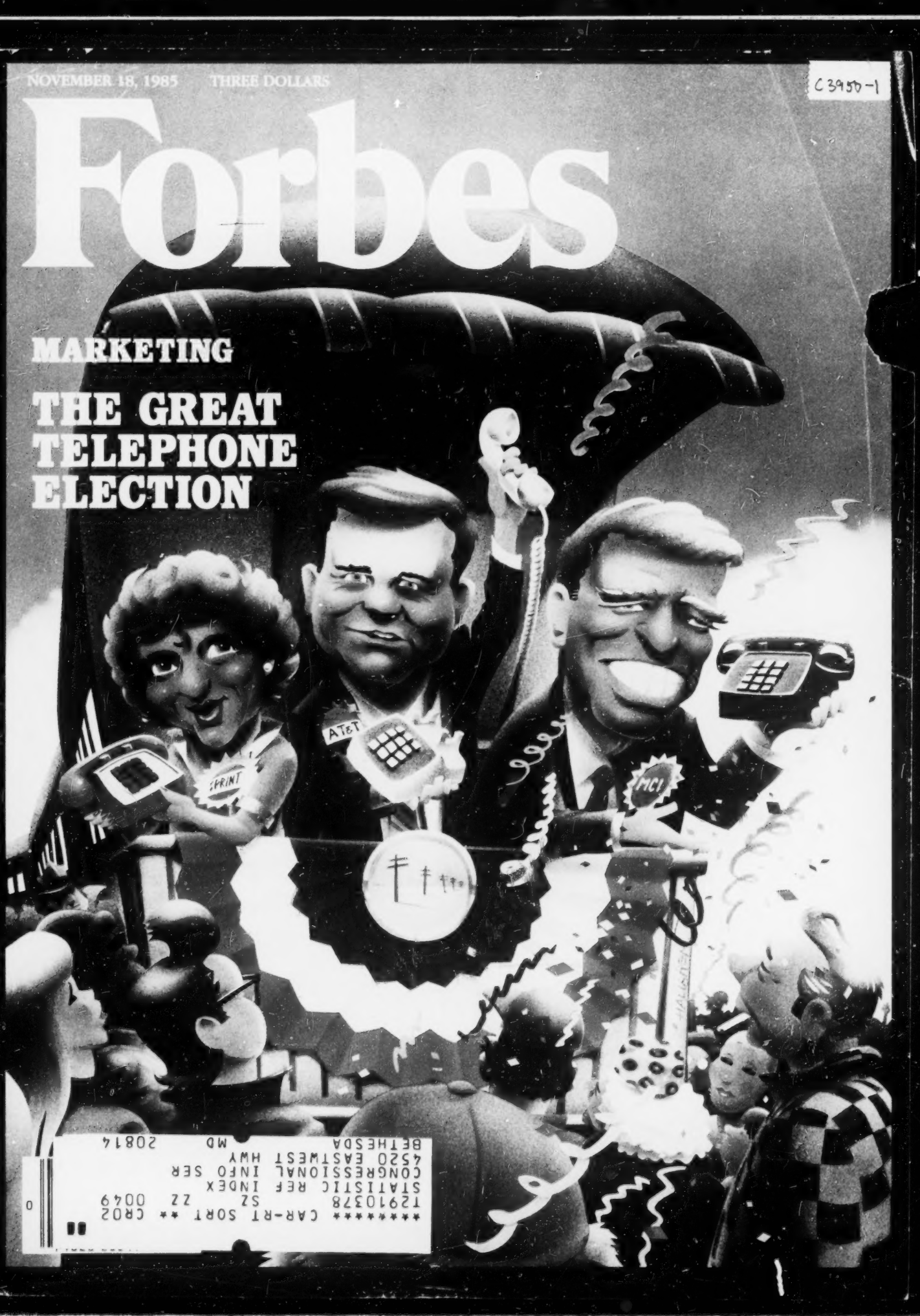
Forbes

MARKETING

THE GREAT TELEPHONE ELECTION



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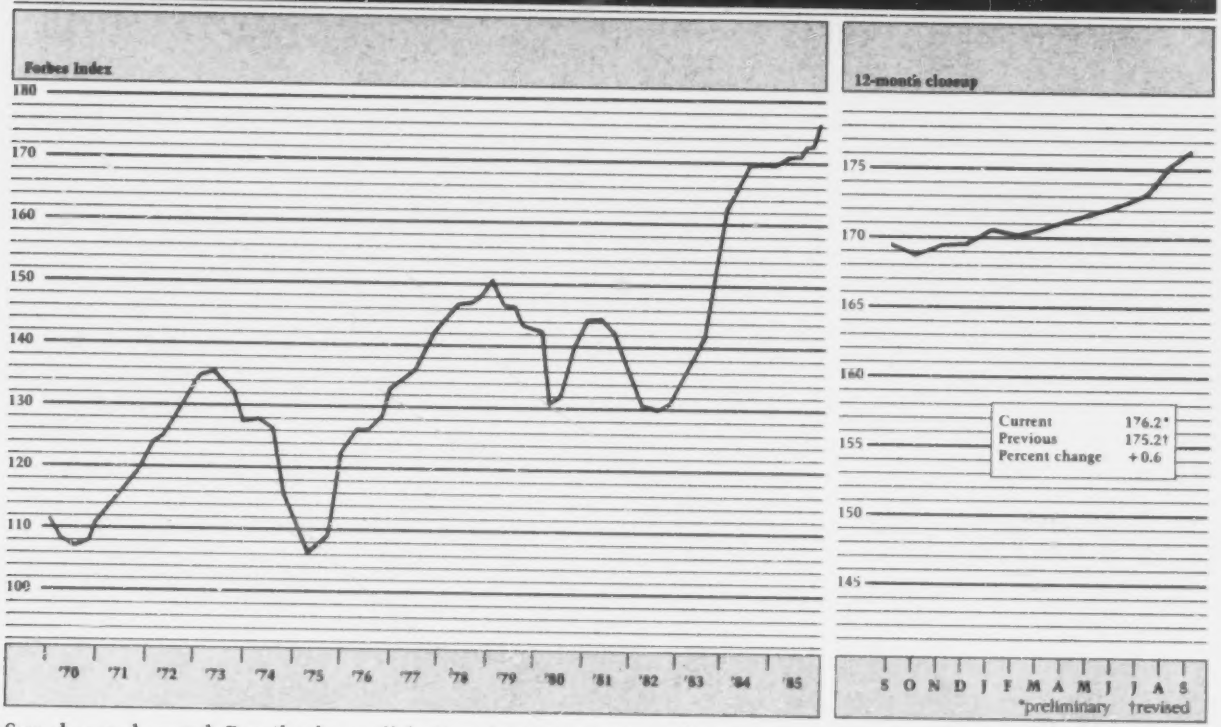
Cover illustration by Gary Hallgren

The Forbes Index



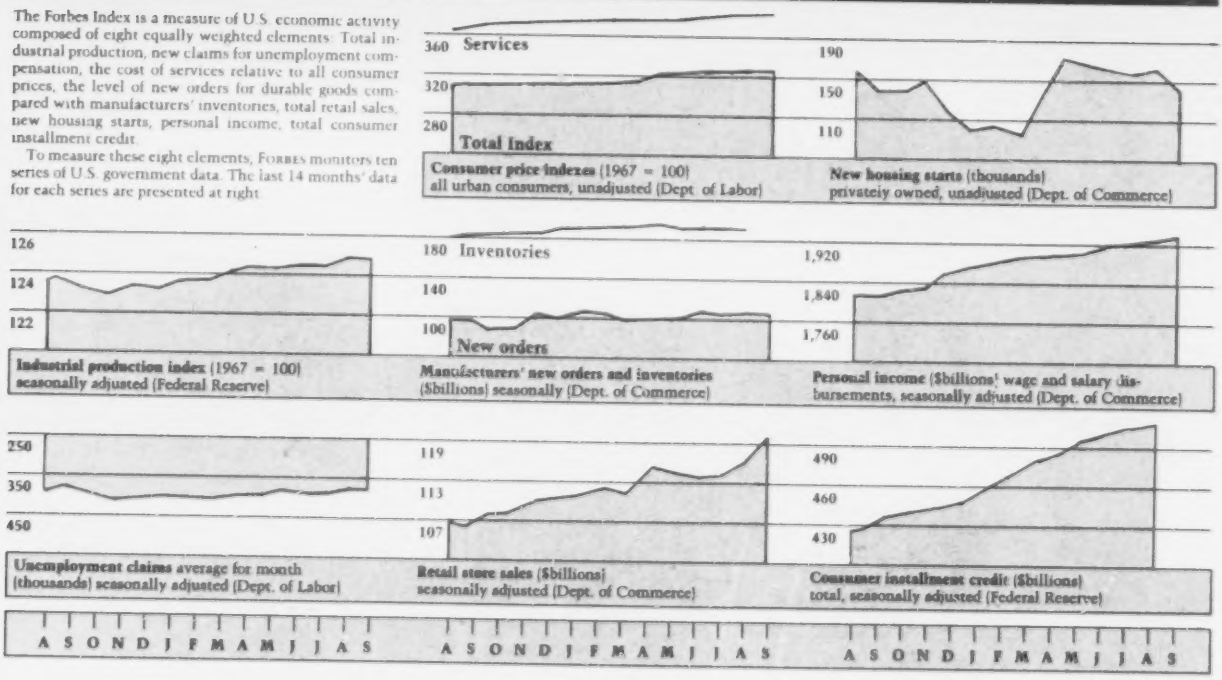
Spend, spend, spend. Retail sales, still feeling the impact of cheap auto financing, jumped 2.7% over month-earlier results. Personal income, after adjustment for inflation, rose at a more modest 6% annual rate. These factors pushed the Forbes Index up 0.6%, to a new high, overcoming weaker signals elsewhere.

Manufacturers' new orders, for example, fell 1.1%, a sign that managers don't expect consumer spending to continue at its current pace. Also, consumer installment credit has been rising since November 1984, not leaving too much room for more buy-now-pay-later. New housing starts, 2.5% lower than they were a year ago, tumbled 10.2% from the previous month and reached their lowest level since last February.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.

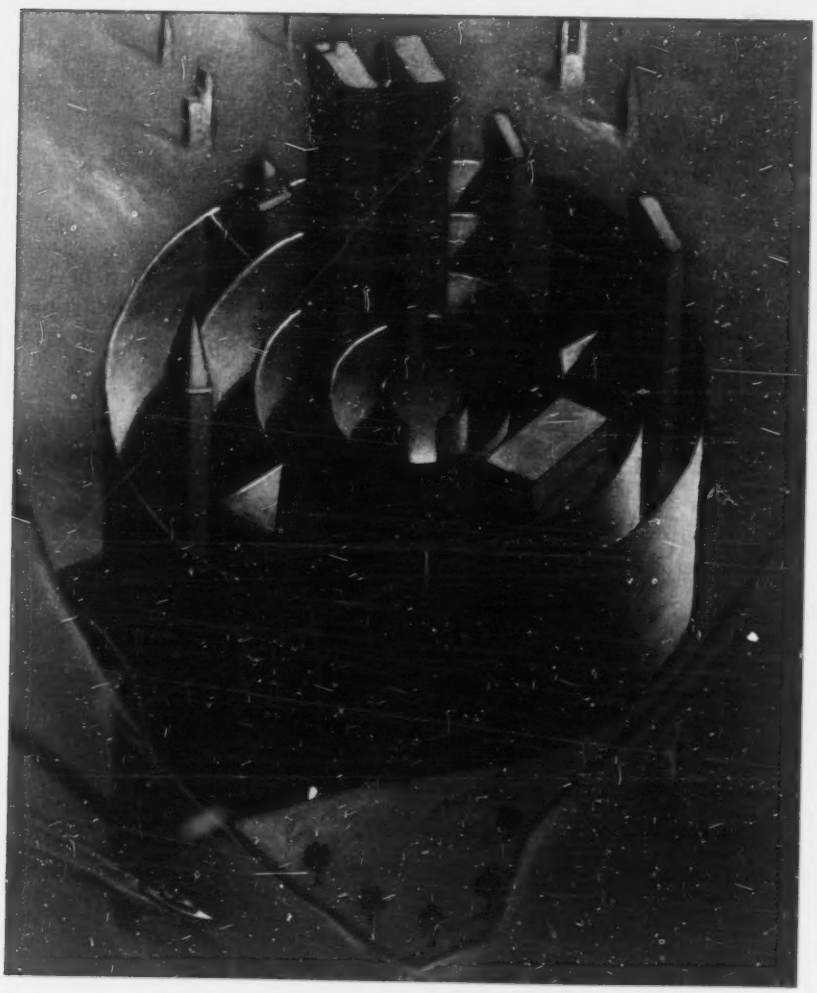

360 Services
320
280
Total Index
Consumer price indexes (1967 = 100) all urban consumers, unadjusted (Dept. of Labor)
190
150
110
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)
126
124
122
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)
180 Inventories
140
100
New orders
Manufacturers' new orders and inventories ($billions) seasonally (Dept. of Commerce)
1,920
1,840
1,760
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)
250
350
450
Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)
119
113
107
Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)
490
460
430
Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)
A S O N D J F M A M J J A S
A S O N D J F M A M J J A S
A S O N D J F M A M J J A S

Wall Street's M&A shops are making a mint out of takeovers. That may do more to explain current merger mania than all the blather about synergy and diversification.

Fuel for the flames?

By Richard Phalon

WHEN EVEN SO VENERABLE a stager as R.H. Macy & Co. goes on the block, it's hard not to think of corporate America as one big auction market. What's the yeast at work here? Compelling economics? Herd instinct? Or just plain greed? More of the latter, you might think, say the Wall Street merger and acquisition architects who are prospering handsomely from the wave of huge consolidations that has been sweeping U.S. industry for almost two years now.



"Of course, there's a lot of the herd instinct in this," says Kenneth Miller, head of Merrill Lynch's resurgent M&A unit. "There's a fear that if you don't create dust, you may have to eat it. It's eat or be eaten."

"There are fundamental reasons for these mergers in the food industry," adds Jay Higgins, head of Salomon Brothers' M&A group. "But even if there were no driving economic force, we'd still be seeing this momentum. The more it happens, the more the remaining companies worry about being acquired or there being enough other companies to acquire."

M&A specialists like Miller and Higgins thrive in a crisis atmosphere. "It makes it easier to do deals," says Miller. That truism shows in the scorecards. In six hectic weeks from the beginning of September, he says, Merrill figured in 13 plays. They came on the heels of the billion-dollar deals the firm helped cut between MidCon Corp. and United Energy Resources, Inc., Olympia & York Developments Ltd. and Chevron Corp., Baxter Travenol Laboratories, Inc. and American Hospital Supply Corp.

Merrill is fighting hard to break into the top rank of business that for years has been pretty much the private preserve of such old-line names as First Boston; Goldman, Sachs; Kidder, Peabody; Morgan Stanley; and Salomon Brothers. Merger and acquisition profit margins are very rich—so wide that most corporate finance departments would probably run in the red without the big fees the dealmakers bring in.

Listen to one M&A head size up the economics of the business: "Most of the big franchises on The Street do at least $75 million a year in fees," he says, "and some select firms do in excess of $100 million. Subtract $3 million to $5 million in salaries and overhead from that, and you've got plenty of room for bonuses. Every marginal dollar drops right down to the bottom line."

Thus if Wall Street did not create merger mania, it certainly keeps the flames fanned. Generally the rewards are higher for the bankers on the sell side—an incentive for digging up a white knight and a higher bid in a hostile situation, or squeezing another point or so out of a friendly suitor.

Are the fees excessive? Certainly the bankers bring real skills to the bargaining table—Salomon Brothers' part, for example, in helping General Motors imaginatively create two new classes of common in its successful purchase of Electronic Data Systems and the pending acquisition of

"The big franchises on The Street do $75 million a year in fees, and some select firms do in excess of $100 million. Subtract $5 million in overhead and you've got plenty of room for bonuses. Every marginal dollar drops right down to the bottom line."

Hughes Aircraft, the company's first major buys since it picked up Chevrolet in 1918. Morgan Stanley played its hand with finesse, too, pitting three bidders against each other and a tight deadline in a ploy that nudged GM into sweetening the cash portion of its original bid of $2.5 billion by $200 million. That was an $8 million payday for Salomon, a $10 million payday for Morgan Stanley.

Precedent plays a large part in the way such fees are set, but there is plenty of room for negotiation in an arena where there sometimes seems to be comparatively little external logic. Was there really almost $3 million more M&A sweat involved in putting together R.J. Reynolds/Nabisco (fees $19 million) in a deal worth $4.9 billion than in combining Monsanto/G.D. Searle (fees $16.1 million) in a $2.7 billion deal? Was the Monsanto deal really almost twice as hard as engineering Chesebrough-Pond's/Stauffer (a $1.2 billion combination) for $8.7 million in fees?

Take the recent round of takeovers in the food field—one that may well have started with Beatrice Cos.' acquisition of Esmark last year. This could well have been the disturbance in the ecosystem that caused others to act—or react. The official rationale behind the Reynolds and Philip Morris buys is that grand old brand names like Ritz and Oreo (Nabisco), Kool-Aid and Sanka (General Foods) are quasi-monopoly franchises. Maybe so, but weren't they equally "priceless" a few years ago but at a fraction of the price? Can anyone doubt that herd instinct, subtly encouraged by Wall Street, is at work here?

One popularizer of that "franchise" concept is one of the shrewdest investment minds around, Berkshire Hathaway's Warren Buffett. Buffett has pulled down a very handsome return on sizable positions in the foods and tobaccos, including more than 9% of General Foods.

Even Buffett concedes, though, that there are clear limits to the brand name concept that has The Street and M&A shops cheering all the way to the bank. Says he: "You are more likely to get into trouble with a good theory than with a bad one. The momentum drives people to the point where they lose sight of the quantitative limits of the original idea."

Thoughtful M&A practitioners like Lazard Frères' Felix Rohatyn worry that big fees may very well be creating bad mergers. Oh, well. Unwinding the bad ones will create yet another wave of fees a few years down the road. ■

Billion-dollar babies

Fees for the top ten mergers announced (but not all final) this year seem modest, averaging less than one-fifth of 1% of the selling price. But for a billion-dollar deal, that's at least $1.8 million for each side.

Buyer/ seller	Size of deal (billions)	Investment-banker for buyer/seller	Fee (millions)
Philip Morris/ General Foods	$5.7	First Boston/	$10.1
		Goldman, Sachs	7.1
		Shearson Lehman	7.1
GM/ Hughes Aircraft	5.0	Salomon Brothers/	8.0
		Morgan Stanley	10.0
RJ Reynolds/ Nabisco Brands	4.9	Dillon Read/	9.0
		Morgan Stanley	5.0
		Shearson Lehman	5.0
Allied/ Signal	4.5	First Boston/	10.0
		Lazard Frères	10.0
Baxter Travenol/ American Hospital Supply	3.7	First Boston/	8.0
		Goldman, Sachs	7.5
Cap Cities/ ABC	3.5	—	0.0
		First Boston	7.5
Monsanto/ GD Searle	2.7	Goldman, Sachs/	8.0
		Morgan Stanley	6.3
		Wm Blair	1.8
Kohlberg Kravis Roberts et al. (LBO)/ Storer Communications	2.5	—	NA
		Dillon Read	NA
Coastal/ American Natural Resources	2.5	Drexel Burnham/	4.0
		Goldman, Sachs	8.1
InterNorth/ Houston Natural Gas	2.3	Goldman, Sachs/	4.5
		Lazard Frères	7.0

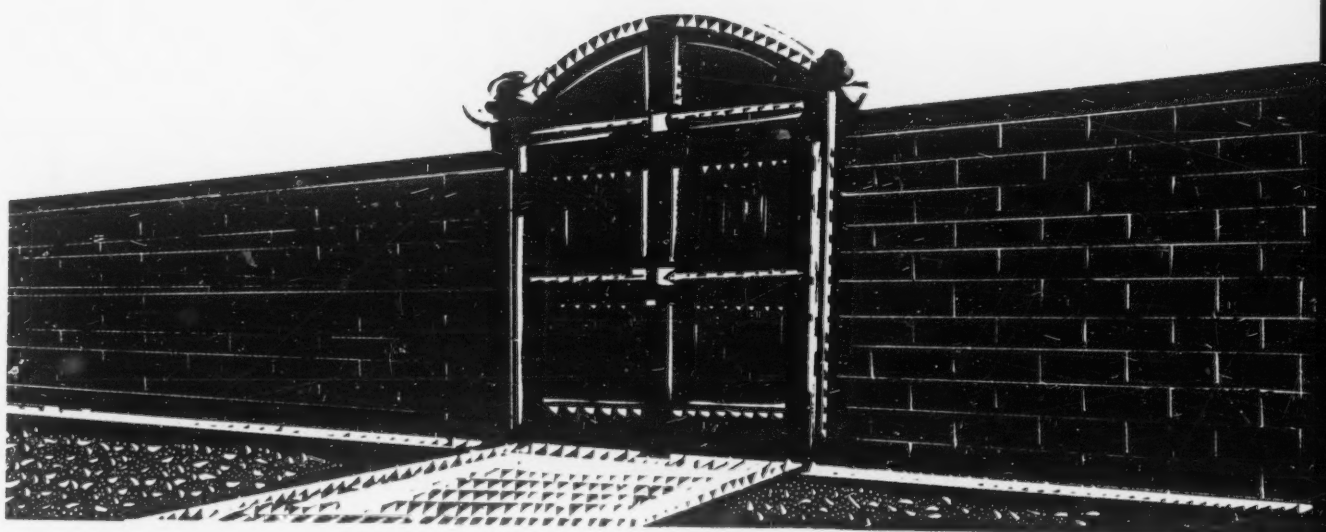
NA: not available.

Source: W.T. Grimm & Co.; Forbes estimates

The Largest Private Companies in the U.S.

Some of them used to be public. Some of them never needed outside capital. And some of them simply value the flexibility and convenience of not having to answer to pesky shareholders.

Behind the paper curtain



By Leslie Pittel

IF BILLION-DOLLAR FIRMS like General Foods and Beatrice can be taken over, is anyone safe? Pamida, an Omaha-based discount retail chain with sales of $449 million, isn't worried. Its stock isn't traded anymore. "When the founder of our company was retiring, in 1981, he didn't want the firm to be acquired, so he took it private and sold it to the employees," says Frank Schlosser, the president.

While the number of initial public stock offerings has broken previous records in recent years, private—truly private—enterprise is not an endangered species. "The number of new nonpublic companies has been exploding lately," says David Birch, a researcher at the Massachusetts Institute of Technology.

In big business, private companies are the exception rather than the rule. The 400 largest private companies in the U.S. have combined sales of $340 billion, a mere one-seventh of the combined sales of the 400 largest public firms. But as you move down the size scale, private companies loom more important. Private firms represent 98% of all U.S. companies in number and account for at least a third of U.S. production. They make such familiar products as Uncle Ben's rice, Gallo wines, Wrangler jeans and Encyclopaedia Britannica books.

Who are these private firms? Some are companies that grew big without ever tapping the public equity market. Mars, the immensely successful maker of Milky Way candy bars and M&Ms, is in that category. So are Steelcase, the largest office-furniture company (FORBES, *Oct. 7*), and Reader's Digest Association.

Some private companies, like Pamida, are employee-owned, a form of ownership that was given tax breaks in 1974 and 1984. Dan River, the textile firm, and Raymond International, an engineering and construction firm, are former NYSE businesses that recently went private using employee stock ownership plans. But employee buyouts are not new. Employee-owned Graybar Electric, a wholesaler of electrical goods, dates back to a 1925 buyout of Western Electric's wholesale operations.

Many private firms were public until the recent craze of leveraged

Stephen Alcorn

buyouts, not only of the employee-owned variety. Jeansmaker Levi Strauss and tiremaker Uniroyal are in this category.

Why stay private? "Owners of private companies have the luxury of not having to live life in a fishbowl," says Norman Fast, president of Venture Economics of Wellesley Hills, Mass., consultants on the venture capital industry. They don't have to worry that with every little hiccup in earnings they'll be pounced on by Wall Street. And they don't always care about how they look in the short run.

"It's totally unrealistic to look at results on a quarterly or even annual basis," says Donald Hall, the 57-year-old chairman of Kansas City, Mo.-based Hallmark Cards (estimated sales, $1.5 billion) and son of founder Joyce Hall. "It's unhealthy for the corporation in the long term."

In 1968 Hallmark undertook the development of the Crown Center complex, an 85-acre urban renewal development of shops, office space and hotels in downtown Kansas City. Though the project is only at midpoint 17 years later, Hallmark has no apologies. It has no need for them. If the owners want to build themselves a costly monument, there is no one to say them nay.

Leonard Lauder, president of Estée Lauder Inc. and the 52-year-old son of founder Estée Lauder, says the firm would probably never have been able to introduce Clinique cosmetics or Aramis grooming aids for men if it had been public. It could not have afforded the short-term earnings hit.

Public companies are usually torn between the desire to show earnings and the desire to minimize taxes. No such problem here. Owners of private companies bury earnings whenever and wherever possible *(see box, p. 130).*

Some private firms are nonetheless so profitable that they find themselves forced to go public to settle an estate. Ford Motor, for example, went public in 1956 so the Ford Foundation could diversify its holdings. But J.R. Simplot Co. hasn't had that problem—yet. Founder Jack R. Simplot, who started from scratch, is at 76 still calling the shots. An eighth-grade dropout, Simplot was a potato farmer. He invested savings from that in hogs, and from hogs in a potato-sorting machine, and from that eventually in a frozen-french-fry process. Now his

The Largest Private Companies in the U.S.

Double entry

Last year Geneva Corp., a Costa Mesa, Calif. business broker, took an assignment from a small and very private machinery supplier in the Northeast who wanted to sell out. To dress up the client's business for sale, Geneva "recast" profit and loss statements to show what they would look like had the business been run as a public company. The result: Operating expenses were cut in half, taxes went up eightfold and net income went up fourfold.

Was the machinery firm cooking the books to thwart the IRS? Not at all. Private companies function under rules very different from those for public companies, and their numbers reflect those rules. As Geneva's president, Stanley Sanderson Jr., explains, "When you look at a privately held business, you really can't look at their balance sheet, their book, their P&L, because it's Alice in Wonderland." Why? Rule number one of private companies is to keep reported profits—and thus taxes—as low as possible. So, in taking the measure of private companies, reported profits don't count. Cash flow and asset growth do, as do nontaxable perks. These have been cut, but owners can still get nice cars and salaries.

In recasting the numbers for its hypothetical P&L statements as it converts from private to public, Geneva boosts profits through accounting changes. One is to emulate public companies in using straight-line depreciation for financial reporting but accelerated depreciation for taxes. Another easy profit-booster is switching to first-in-first-out inventory accounting.

Since prospective buyers care more about a business' true profitability than about its financing, Geneva removes deductions for interest costs. To improve the return on assets, Geneva strips out real estate holdings and substitutes an estimated lease payment.

In short, the game investors play is Reported Earnings. The game private company owners play is Asset Enhancement.—**John Hayes**

James Schnepf

Geneva Corp.'s Stanley Sanderson Jr.
Converting private assets to public profits.

billion-dollar firm supplies McDonald's and Wendy's and makes Simplot one of the wealthiest Americans.

Capital-intensive firms aren't common on the roster of large private companies. Commodity traders and food retailers are, precisely because the price of entry in these businesses is low. That explains, in part, Publix Super Markets, the $3.2 billion Florida-based retailer.

Now that Publix has arrived, it doesn't need outside capital. Its long-term debt of $15 million compares with $417 million of equity. "Maybe in the beginning we were a little strapped for money, but we plowed the earnings back into the business, and we're no longer in any bind," says George Jenkins, the 78-year-old founder. "There'd be no reason for us to even think about going public."

The Jenkins family holds 38% of Publix' shares, but the rest has been parceled out to rank and file employees. The family of Wilbert Gore, founder of W.L. Gore & Associates, owns most of that maker of Teflon-based fabric laminates, filters and insulated wire. But Gore, too, has been getting stock out to his "associates." A public offering isn't likely soon.

On the following pages we present the 400 largest private U.S. businesses, ranked by sales. The list is of necessity less than definitive. Some of these firms consider themselves very private indeed and won't even confirm employee counts. But many were willing to provide figures, and in all other cases we used the most reliable sources available, from government filings to dissident shareholders to interviews with competitors.

We defined a private company as one that does not have widely traded common stock. There may be too few shares (generally, under 500) to demand filings with the SEC, or there are SEC filings but the stock is not available to the public. Science Applications, a defense contractor, and Publix Super Markets fall into the latter category.

Government-sponsored and nonprofit businesses are excluded, although tax-paying enterprises whose profits are handed over to nonprofit institutions are included (examples: Houston Chronicle Publishing, Encyclopaedia Britannica). Mutuals and co-ops (Prudential Insurance, Ace Hardware) are excluded. So are foreign-owned companies and subsidiaries of public companies. ■

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
1		**Cargill**/grain trading	$30,000	40,000	Minneapolis, MN	(612) 475-7575
2		**Continental Grain**/grain trading	15,000	16,000	New York, NY	(212) 207-5100
3		**Apex Oil**/oil trading	13,500	11,000	St Louis, MO	(314) 889-9600
4		**Koch Industries**/petroleum and natural gas	12,000	6,500	Wichita, KS	(316) 832-5500
5		**Mocatta Metals**/bullion and coin dealing	12,000	250	New York, NY	(212) 938-9600
6		**Bechtel Group**/engineering	8,600	26,000	San Francisco, CA	(415) 768-1234
7		**United Parcel Service**/package delivery	6,800	141,000	Greenwich, CT	(203) 622-6000
8		**Mars**/candy	5,300	30,000	McLean, VA	(703) 821-4900
9	•	**ARA Services**/industrial food and maint services	3,406	96,854	Philadelphia, PA	(215) 574-5000
10		**Publix Supermarkets**/grocery stores	3,206	37,000	Lakeland, FL	(813) 688-1188
11	•	**Malone & Hyde**/food wholesaler	3,188	8,100	Memphis, TN	(901) 325-4200
12		**Louis Dreyfus**/commodities brokerage	3,000	600	Stamford, CT	(203) 357-8444
13		**Carlson Cos**/multicompany	2,650	42,000	Minneapolis, MN	(612) 540-5000
14	•	**Levi Strauss & Co**/apparel	2,500	37,000	San Francisco, CA	(415) 544-6000
15		**Farley Industries**/multicompany	2,200	28,500	Chicago, IL	(312) 876-1724
16		**Uniroyal**/tire and rubber	2,122	20,000	Middlebury, CT	(203) 573-2000
17		**Advance Publications**/newspapers, magazines, books	2,000	18,500	Staten Island, NY	(718) 981-1234
18		**SC Johnson & Son**/household products	2,000	12,000	Racine, WI	(414) 631-2000
19		**Milliken & Co**/textiles	2,000	45,000	New York, NY	(212) 819-4200
20		**Weinstein Intl**/industrial machinery	2,000	600	Golden Valley, MN	(612) 546-4471

No more red M&Ms? Mars is doing fine anyway—an estimated $5.3 billion in sales.

21	•	**Pace Industries**/printing, heating and air-cond equip	1,914	18,700	New York, NY	(212) 530-6090
22		**Lincoln Property**/real estate, construction	1,900	5,500	Dallas, TX	(214) 740-3300
23		**Rapid-American**/retail	1,816	26,000	New York, NY	(212) 621-4500
24		**Bear, Stearns & Co***/securities brokerage	1,800	4,600	New York, NY	(212) 952-5000
25		**HE Butt Grocery**/grocery stores	1,800	20,000	San Antonio, TX	(512) 662-5000
26		**Graybar Electric**/wholesale electrical equip	1,600	4,500	St Louis, MO	(314) 727-3900
27		**Stroh Brewery**/brewing	1,600	6,000	Detroit, MI	(313) 446-2000
28		**Belk Brothers**/retail	1,500	23,000	Charlotte, NC	(704) 377-4251
29		**Dillingham**/multicompany	1,500	11,000	Honolulu, HI	(415) 362-1501
30		**Hallmark Cards**/greeting cards	1,500	20,000	Kansas City, MO	(816) 274-5111
31		**Hunt Oil**/oil and gas	1,500	3,000	Dallas, TX	(214) 744-7911
32		**Fred Meyer**/retail	1,449	12,500	Portland, OR	(503) 232-8844
33		**Hearst**/publishing and newspapers	1,400	13,000	New York, NY	(212) 262-5700
34		**Hyatt Hotels**/hotels	1,400	35,000	Chicago, IL	(312) 750-1234
35	•	**First National Supermarkets**/grocery stores	1,362	13,000	Maple Heights, OH	(216) 587-7100
36		**Cox Enterprises**/newspapers, broadcasting	1,347	15,000	Atlanta, GA	(404) 526-5537
37		**Peat, Marwick, Mitchell & Co**/accounting	1,340	25,460	New York, NY	(212) 758-9700
38		**Dominick's Finer Foods**/grocery stores	1,300	10,000	Northlake, IL	(312) 562-1000
39		**Giant Eagle**/grocery stores	1,300	9,000	Pittsburgh, PA	(412) 963-6200
40		**A Johnson & Co**/oil, electronics, titanium	1,300	1,600	New York, NY	(212) 758-3200

•Went private via leveraged buyout within last five years. *Plans to go public.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
41		**McLane**/food wholesalers	$1,300	2,000	Temple, TX	(817) 778-7500
42		**Reader's Digest Associates**/publishing	1,300	10,000	Pleasantville, NY	(914) 769-7000
43	•	**Amstar**/sugar, industrial equipment	1,299	7,584	New York, NY	(212) 489-9000
44		**Hy-Vee Food Stores**/grocery stores	1,244	15,000	Chariton, IA	(515) 774-2121
45	•	**Avondale Industries**/shipbuilding, metals recycling	1,223	10,000	New Orleans, LA	(504) 436-2121
46	•	**Denny's**/restaurants	1,216	52,000	La Mirada, CA	(714) 739-8100
47		**Amway**/household products	1,200	7,000	Ada, MI	(616) 676-6000
48		**Estée Lauder**/cosmetics	1,200	10,000	New York, NY	(212) 572-4200
49		**JR Simplot**/food processing, fertilizer, cattle	1,200	10,000	Boise, ID	(208) 336-2110
50		**Steelcase**/office furniture	1,200	12,000	Grand Rapids, MI	(616) 247-2710

The Haas family spent $1.5 billion to take Levi Strauss private this year.

51	•	**Blue Bell**/apparel	1,180	26,000	Greensboro, NC	(919) 373-3400
52		**Peter Kiewit Sons**/contracting	1,173	7,500	Omaha, NE	(402) 342-2052
53		**Sammons Enterprises**/cable TV, industrial supplies	1,134	5,500	Dallas, TX	(214) 670-9790
54		**Arthur Young**/accounting	1,100	8,023	New York, NY	(212) 407-1500
55		**Roundy's**/food wholesaler	1,066	5,790	Wauwatosa, WI	(414) 453-8200
56		**Arthur Andersen & Co**/accounting	1,028	16,933	Chicago, IL	(312) 580-0033
57	•	**Congoleum**/building materials	1,000	11,100	Portsmouth, NH	(603) 431-3131
58		**Connell Rice & Sugar**/imp & exp food, leasing, real est	1,000	200	Westfield, NJ	(201) 233-0700
59		**Drexel Burnham Lambert**/securities brokerage	1,000	7,200	New York, NY	(212) 480-6000
60		**Dunavant Enterprises**/cotton trading	1,000	1,000	Memphis, TN	(901) 369-1500
61		**Helmsley, Spear**/real est mgt, restaurants, hotels	1,000	10,000	New York, NY	(212) 687-6400
62		**Kendavis Holding**/oilfield equipment and services	1,000	1,000	Fort Worth, TX	(817) 335-5101
63		**Meijer**/grocery stores	1,000	16,000	Grand Rapids, MI	(616) 453-6711
64		**Trammel Crow Residential Cos**/real est dev and mgt	1,000	1,543	Dallas, TX	(214) 979-5100
65	•	**Weirton Steel**/steel	1,000	7,700	Weirton, WV	(304) 797-2000
66		**Schnuck Markets**/grocery stores	980	7,000	Bridgeton, MO	(314) 344-9600
67		**Sweet Life Foods**/food wholesaler and distributors	975	2,000	Suffield, CT	(203) 623-1681
68		**CF Industries**/fertilizer	908	1,700	Long Grove, IL	(312) 438-9500
69		**Renfield**/liquor and wine importing	904	200	Lawrenceville, NJ	(609) 896-4500
70	•	**ACF Industries**/railroad equipment, leasing	900	1,500	Earth City, MO	(314) 344-4500
71		**E-Z Serve**/oil refining, convenience stores	896	425	Abilene, TX	(915) 677-3522
72		**Richfood**/grocery stores	871	1,200	Mechanicsville, VA	(804) 746-6000
73		**Hillman Co**/refrigeration equipment, real estate	865	8,700	Pittsburgh, PA	(412) 281-2620
74	•	**Raymond Intl**/engineering and heavy construction	845	3,400	Houston, TX	(713) 623-1500
75	•	**Parsons Corp**/engineering and construction	840	8,000	Pasadena, CA	(818) 440-2465
76		**Gulf Consolidated Services**/elec & indus equip & supplies	815	1,100	Houston, TX	(713) 672-4500
77		**Triangle Publications**/magazines	811	2,000	Radnor, PA	(215) 293-8500
78		**Ernst & Whinney**/accounting	809	11,300	Cleveland, OH	(216) 861-5000
79	•	**Cannon Mills**/textiles	800	19,000	Kannapolis, NC	(704) 933-1221
80		**Esprit de Corp**/apparel	800	1,500	San Francisco, CA	(415) 648-6900

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
81		**Raley's**/grocery stores	$800	5,000	Broderick, CA	(916) 444-8150
82		**Transammonia**/fertilizer	800	147	New York, NY	(212) 223-3200
83		**Wyatt**/petroleum distribution	800	90	New Haven, CT	(203) 787-2175
84		**Algonquin Energy**/natural gas	771	376	Boston, MA	(617) 254-4050
85	•	**Levitz Furniture**/home furniture	762	5,000	Boca Raton, FL	(305) 994-6006
86		**Simpson Timber**/forest products	758	6,000	Seattle, WA	(206) 292-5000
87		**Kidder, Peabody**/securities brokerage	756	5,400	New York, NY	(212) 510-3000
88	•	**Twentieth Century-Fox Film**/entertainment	754	3,280	Los Angeles, CA	(213) 277-2211
89		**American National Insurance** /insurance	753	8,670	Galveston, TX	(409) 763-4661
90	•	**Signode Industries**/metal fabricating	751	5,800	Glenview, IL	(312) 724-6100
91	•	**Allegheny Ludlum Steel**/specialty steel	750	5,500	Pittsburgh, PA	(412) 394-2800
92		**Crowley Maritime**/maritime	750	4,500	San Francisco, CA	(415) 546-2500
93		**Delaware North Co**/multicompany	750	36,000	Buffalo, NY	(716) 881-6500
94		**Demoulas Super Markets**/grocery stores	750	5,500	Tewksbury, MA	(617) 851-7381
95		**Gilbane Building**/construction and contracting	750	2,000	Providence, RI	(401) 456-5800
96		**Horsehead Industries**/zinc, carbon, graphite	750	3,000	New York, NY	(212) 972-2100
97		**Ingram Industries**/maritime, publishing	750	2,200	Nashville, TN	(615) 298-8200
98	•	**McAndrews & Forbes Hldgs**/tobacco, chocolate, film, video	750	3,000	New York, NY	(212) 688-9000
99		**Shaw's Supermarkets**/grocery stores	750	8,000	East Bridgewater, MA	(617) 378-7211
100		**Vantage Cos**/real estate, construction	750	6,500	Dallas, TX	(214) 631-0600
101		**Perdue Farms**/poultry processing and marketing	741	11,000	Salisbury, MD	(301) 543-3000
102		**Amerco**/U-Haul rentals	731	11,200	Phoenix, AZ	(602) 263-6011
103		**Potamkin Cadillac**/auto dealerships	722	441	New York, NY	(212) 399-4400
104		**NES**/precision instruments	718	1,500	Carpentersville, IL	(312) 426-5900
105		**The Andersons**/agricultural, general stores	706	1,400	Maumee, OH	(419) 893-5050
106		**Coopers & Lybrand**/accounting	700	11,586	New York, NY	(212) 536-2000
107		**Dubuque Packing**/meatpacking	700	1,400	Omaha, NE	(402) 397-2000
108		**Golden State Foods**/supplies McDonald's with fd, packaging	700	1,300	Pasadena, CA	(818) 793-3135
109		**Golub**/grocery stores	700	8,000	Schenectady, NY	(518) 355-5000
110		**AG Spanos Cos**/construction	697	620	Stockton, CA	(209) 478-7954

Estée Lauder is big in women's cosmetics (about $1 billion sales) and has branched into products for men.

111	•	**Cone Mills**/textiles	688	10,000	Greensboro, NC	(919) 379-6510
112		**LM Berry & Co**/advertising	685	2,400	Dayton, OH	(513) 296-2121
113		**D'Arcy, Masius, Benton & Bowles**/advertising	675	6,000	New York, NY	(212) 758-6200
114		**Warren Equities**/gasoline and convenience stores	675	1,300	New York, NY	(212) 751-8100
115		**Gates Rubber**/tire and rubber	670	5,900	Denver, CO	(303) 744-1911
116		**Alfred M Lewis**/food wholesaler	667	1,167	Riverside, CA	(714) 684-0170
117		**Bartlett Agri Enterprises**/agribusiness	658	600	Kansas City, MO	(816) 753-6300
118		**Bass Enterprises**/oil and gas, Americana hotels	650	4,500	Fort Worth, TX	(817) 390-8400
119		**Drummond Co**/coal and coke	645	4,000	Jasper, AL	(205) 387-0501
120		**EJ Gallo Winery**/wine and brandy	645	2,700	Modesto, CA	(209) 579-3111

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
121	**Smith Barney, Harris Upham & Co**/securities brokerage	$640	5,600	New York, NY	(212) 399-6000
122 •	**Dan River** /textiles	625	10,000	Danville, VA	(804) 799-7000
123	**Associated Food Stores**/food wholesalers	624	1,200	Salt Lake City, UT	(801) 973-4400
124	**Wegmans Food Markets**/grocery stores	620	8,000	Rochester, NY	(716) 328-2550
125 •	**Arcata**/printing and forest products	600	8,000	San Francisco, CA	(415) 781-4200
126	**Fedco**/retail	600	4,000	Los Angeles, CA	(213) 946-2511
127	**Gulf States Toyota**/auto importers	600	600	Houston, TX	(713) 744-3300
128	**Metallurg**/steel	600	4,000	New York, NY	(212) 686-4010
129	**Morgan Stanley & Co**/securities brokerage	600	3,800	New York, NY	(212) 974-4000
130	**Parsons & Whittemore**/ind machinery, wood pulp	600	6,400	New York, NY	(212) 972-2000
131	**Rich Products**/frozen food	600	4,500	Buffalo, NY	(716) 878-8000
132	**Rock Island Refining**/oil refining, retail gasoline	597	560	Indianapolis, IN	(317) 872-3200
133 •	**Dr Pepper**/soft drinks	585	300	Dallas, TX	(214) 824-0331
134 •	**Metromedia**/broadcasting	585	5,500	Secaucus, NJ	(201) 348-3244
135	**Dominick Intl**/securities brokerage	573	10,000	New York, NY	(212) 558-8800
136	**Duchossois Enterprises**/railroad equipment	555	6,000	Elmhurst, IL	(312) 279-3600
137	**Associated Grocers**/grocery stores	554	1,200	Seattle, WA	(206) 762-2100
138	**Southwire**/metal fabricating	554	3,883	Carrollton, GA	(404) 832-4242
139	**William Esty**/advertising	550	600	New York, NY	(212) 692-6200
140	**Vista Chemical**/chemicals	550	1,500	Houston, TX	(713) 531-3200

Frank Perdue took 270 million chickens private last year.

141 •	**Philips-Van Heusen**/apparel	546	8,000	Piscataway, NJ	(201) 885-5000
142	**Andersen Corp**/building materials	545	2,900	Bayport, MN	(612) 439-5150
143 •	**Guardian Industries**/glass, photo finishing	543	5,358	Northville, MI	(313) 349-6700
144	**CEI Construction**/construction	540	2,500	Bethesda, MD	(301) 657-7100
145	**Price Waterhouse**/accounting	540	9,018	New York, NY	(212) 489-8900
146	**Hartz Mountain**/pet supplies	525	3,000	Harrison, NJ	(201) 481-4800
147	**Shurfine-Central**/grocery stores	525	171	Northlake, IL	(312) 681-2000
148	**Piggly Wiggly Southern**/grocery stores	522	5,000	Vidalia, GA	(912) 537-9871
149	**Columbian Enterprises**/chemicals, metal trading	520	920	New York, NY	(212) 303-9500
150	**McDevitt & Street**/construction	517	2,129	Charlotte, NC	(704) 525-8110
151	**JM Huber**/oil and gas, natural resources	516	3,000	Edison, NJ	(201) 549-8600
152	**Maritz**/industrial services	512	2,800	Fenton, MO	(314) 255-4000
153	**United Van Lines**/trucking	509	800	Fenton, MO	(314) 326-3100
154	**American Forest Products**/forest products	504	2,100	San Francisco, CA	(415) 775-6444
155	**Anschutz**/oil drilling, exploration and production	500	5,000	Denver, CO	(303) 298-1000
156 •	**Atlantic Refining & Marketing**/refinery, gas stations	500	2,000	Philadelphia, PA	(215) 557-3685
157	**California and Hawaiian Sugar**/sugar refining	500	1,450	San Francisco, CA	(415) 772-3800
158 •	**Coca-Cola Bottling Co of NY**/soft drink	500	4,000	Greenwich, CT	(203) 625-4000
159	**Grocers Supply Co**/food wholesaler	500	1,000	Houston, TX	(713) 747-5000
160	**Houdaille Industries**/industrial equipment	500	7,000	Fort Lauderdale, FL	(305) 576-4414

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
161	**The Hunt Corp**/construction	$500	750	Indianapolis, IN	(317) 241-6301
162 •	**Imperial Clevite**/industrial products	500	7,000	Glenview, IL	(312) 699-7400
163	**Ben E Keith**/food wholesaler and distributor	500	1,200	Fort Worth, TX	(817) 332-9171
164	**Marley**/industrial machinery	500	5,000	Mission Woods, KS	(913) 362-5440
165	**North Pacific Lumber**/wholesaler of forest products	500	500	Portland, OR	(503) 231-1166
166	**Schreiber Foods**/cheese processing	500	2,200	Green Bay, WI	(414) 437-7601
167	**Schwan's Sales Enterprise**/frozen foods	500	5,000	Marshall, MN	(507) 532-3274
168	**Tauber Oil**/oil refining	500	46	Houston, TX	(713) 869-8700
169	**TransAmerican Natural Gas**/natural gas, refining	500	900	Houston, TX	(713) 445-4400
170	**USA Petroleum**/gasoline retail	500	1,000	Santa Monica, CA	(213) 394-5050
171	**Builder Marts of America**/retail building materials	498	675	Greenville, SC	(803) 297-6101
172	**Herbalife International**/diet supplements	488	1,000	Englewood, CA	(213) 410-9600
173	**Superior's Brand Meats**/meatpacking	488	2,200	Massillon, OH	(216) 832-7491
174 •	**Harte-Hanks Communications**/newspapers	487	10,645	San Antonio, TX	(512) 344-8000
175	**Packerland Packing**/meat packing	484	1,150	Green Bay, WI	(414) 468-4000
176	**Battelle Memorial Institute**/scientific research and dev	482	7,487	Columbus, OH	(614) 424-6424
177	**Sealy**/bedding	482	2,000	Chicago, IL	(312) 559-0500
178	**UIS**/auto parts	480	6,500	New York, NY	(212) 581-7660
179	**Young & Rubicam**/advertising	480	8,500	New York, NY	(212) 210-3000
180	**Brookshire Grocery**/grocery stores	475	2,050	Tyler, TX	(214) 534-3000
181	**Ingles Markets**/grocery stores	470	4,000	Black Mountain, NC	(704) 669-2941
182	**Deloitte Haskins & Sells**/accounting	463	7,975	New York, NY	(212) 790-0500
183	**CL Peck Contractor**/construction	462	500	Los Angeles, CA	(213) 381-6711
184	**King Kullen Grocery**/grocery stores	461	3,500	Westbury, NY	(516) 333-7100
185	**Allied Van Lines**/trucking	460	1,042	Broadview, IL	(312) 681-8000

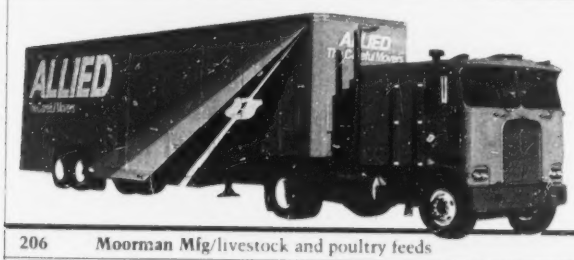
The owner of Hartz Mountain, which makes pet supplies, this year bought the *Village Voice*.

186 •	**Anchor Glass Container**/packaging	460	6,000	Tampa, FL	(813) 870-6120
187	**Cardinal Industries**/manufactured housing	458	5,600	Columbus, OH	(614) 861-3211
188	**Nash Phillips/Copus**/home building	452	1,542	Austin, TX	(512) 458-1141
189	**Aarque Cos**/metal fabricating	450	3,800	Jamestown, NY	(716) 664-6014
190	**Beloit**/machinery	450	6,600	Beloit, WI	(608) 365-3311
191	**Boy's Market**/grocery stores	450	4,000	Highland Park, CA	(213) 258-8080
192	**Oklahoma Publishing Co**/newspapers	450	4,000	Oklahoma City, OK	(405) 232-3311
193	**Pilgrim Industries**/poultry processing	450	3,100	Pittsburg, TX	(214) 856-3612
194	**Roseburg Forest Products**/forest products	450	4,459	Roseburg, OR	(503) 679-3311
195	**Trailways**/bus transport, bus mfg	450	5,000	Dallas, TX	(214) 655-7111
196	**Aldinger Walbridge**/construction	450	750	Livonia, MI	(313) 591-6000
197	**Wilbur-Ellis**/agribusiness	450	1,200	San Francisco, CA	(415) 772-4000
198	**Pamida**/retail	449	5,700	Omaha, NE	(402) 339-2400
199	**Kohler**/plumbing supplies, engines, generators	440	7,900	Kohler, WI	(414) 457-4441
200 •	**Leslie Fay**/apparel	440	3,000	New York, NY	(212) 221-4000

•Went private via leveraged buyout within last five years

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
201	**Swinerton & Walberg**/construction	$440	1,500	San Francisco, CA	(415) 421-2980
202	**Schwegmann Giant Supermarkets**/grocery stores	436	4,500	New Orleans, LA	(504) 947-9921
203	**Touche Ross & Co**/accounting	432	8,034	New York, NY	(212) 489-1600
204	**CR Anthony**/retail	430	8,000	Oklahoma City, OK	(405) 235-3711
205	**SJ Groves & Sons**/construction	430	5,000	Minneapolis, MN	(612) 546-6943



With $460 million revenues and 1,042 employees, Illinois-based Allied is the largest mover of household goods in the U.S.

206	**Moorman Mfg**/livestock and poultry feeds	430	4,300	Quincy, IL	(217) 222-7100
207	**Phelps**/construction	428	2,500	Greeley, CO	(303) 352-6565
208	**HB Zachry**/construction	425	8,000	San Antonio, TX	(512) 922-1213
209	**Ted Bates Worldwide**/advertising	424	800	New York, NY	(212) 869-3131
210	**HCB Contractors**/construction	422	2,500	Dallas, TX	(214) 747-8541
211 •	**Hyster**/industrial machinery	422	4,799	Portland, OR	(503) 280-7000
212	**Chatham Super Markets**/grocery stores	421	3,000	Warren, MI	(313) 497-4600
213	**Austin Industries**/construction	420	5,000	Dallas, TX	(214) 630-5100
214	**Science Applications Intl**/research and development	420	5,700	La Jolla, CA	(619) 456-7323
215	**NJ Manufacturers Ins and Reinsurance Co**/insurance	417	1,250	W Trenton, NJ	(609) 883-1300
216	**Mellon Stuart Holding**/construction	416	1,300	Pittsburgh, PA	(412) 323-4600
217	**Lykes Bros Steamship**/maritime	413	1,000	New Orleans, LA	(504) 523-6611
218	**George A Fuller**/construction	410	300	New York, NY	(212) 355-2700
219	**Goldman, Sachs & Co**/securities brokerage	408	4,428	New York, NY	(212) 902-1000
220	**Steuart Petroleum**/oil production and retail distribution	404	500	Washington, DC	(202) 537-8900
221	**Ferrell Cos**/oil and gas	400	450	Liberty, MO	(816) 792-1600
222	**Harbert**/construction	400	4,500	Birmingham, AL	(205) 988-3333
223	**Hunt Energy**/oil and gas production	400	4,000	Dallas, TX	(214) 880-8400
224	**Hutzler's**/retail	400	4,700	Baltimore, MD	(301) 727-1234
225	**RB Pamplin**/textiles, sand and gravel	400	8,000	Portland, OR	(503) 248-1133
226 •	**Rayovac**/batteries	400	2,000	Madison, WI	(608) 252-7400
227	**Vanguard Energy**/integrated petroleum	400	28	Houston, TX	(713) 880-8750
228	**Wheaton Industries**/packaging	400	7,500	Millville, NJ	(609) 825-1400
229	**World Carpets**/carpets	400	2,000	Dalton, GA	(404) 278-8000
230	**WWF Paper**/sells paper to printers	400	675	Bala Cynwyd, PA	(215) 667-9210
231	**Hughes Corp**/hotels and casinos	396	6,100	Las Vegas, NV	(702) 733-0123
232 •	**AJ Bayless Markets**/grocery stores	390	2,800	Phoenix, AZ	(602) 262-0311
233	**Racetrac Petroleum**/convenience stores, gas stations	389	1,500	Atlanta, GA	(404) 434-0400
234 •	**Albany International**/metal fabricating	388	5,800	Menands, NY	(518) 445-2200
235	**General Felt Industries**/textiles	387	3,500	Saddle Brook, NJ	(201) 843-0900
236	**Central Newspapers**/newspaper	380	5,090	Indianapolis, IN	(317) 633-9027
237	**Merchants Distributors**/food wholesaler	375	950	Hickory, NC	(704) 322-2822
238 •	**GNB**/automotive batteries	370	3,000	Mendota, MN	(612) 681-5000
239	**HBE Corp**/construction, leasing	370	3,600	St Louis, MO	(314) 567-9000
240	**Microdot**/industrial components	370	4,500	Darien, CT	(203) 655-2466

•Went private via leveraged buyout within last five years

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
241	**Pacific Northern Oil**/oil	$367	150	Seattle, WA	(206) 382-9777
242	**Asplundh Tree Expert**/tree maintenance svcs for utilities	365	11,000	Willow Grove, PA	(215) 784-4200
243	**Fred W Albrecht Grocery**/grocery stores	360	3,000	Akron, OH	(216) 733-2861
244	• **SFN**/publishing	360	3,000	Glenview, IL	(312) 657-3900
245	**Ron Tonkin Cos**/auto dealership	360	400	Portland, OR	(503) 255-7560
246	**Hughes Markets**/grocery stores	358	5,590	Los Angeles, CA	(213) 227-8211
247	**Almac's**/grocery stores	350	3,200	East Providence, RI	(401) 438-2700
248	**Bourns**/precision instruments	350	7,000	Riverside, CA	(714) 781-5690
249	**Chemcentral**/chemicals	350	800	Chicago, IL	(312) 594-7000
250	**Copley Newspapers**/newspapers	350	3,500	La Jolla, CA	(619) 454-0411
251	**Early & Daniel**/food processing	350	120	Cincinnati, OH	(513) 621-0662
252	**Home Interiors & Gifts**/wholesale decorative accessories	350	500	Dallas, TX	(214) 386-1000
253	**Hyplains Dressed Beef**/meatpacking	350	275	Dodge City, KS	(316) 227-7135
254	**Minyard Food Stores**/grocery stores	350	4,000	Coppell, TX	(214) 462-8700
255	**Rosenthal Cos**/auto dealership	350	1,000	Arlington, VA	(703) 522-2300
256	**Sprague Resources**/construction	350	3,000	Seattle, WA	(206) 447-1774
257	**Taylor & Sledd**/food brokerage	350	148	Richmond, VA	(804) 262-8614
258	• **Wometco Enterprises**/multicompany	350	6,000	Miami, FL	(305) 579-1200
259	**Tang Industries**/metal fabrication and distribution	344	4,000	Elk Grove Village, IL	(312) 981-8200
260	**Youngs Market**/food wholesaling	344	950	Los Angeles, CA	(213) 629-5571

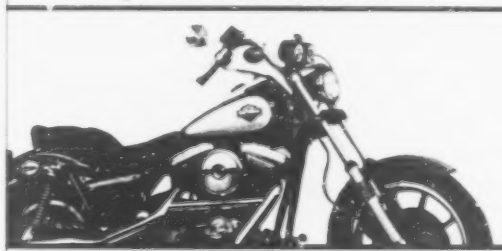
Colonial Oil Industries, $320 million sales, sells gasoline and heating oil in seven southern states.

261	**Journal Co**/newspapers	340	3,450	Milwaukee, WI	(414) 224-2000
262	• **American Brass**/metal fabricating	338	2,300	Buffalo, NY	(716) 879-6700
263	**The Pantry**/convenience stores	336	3,000	Sanford, NC	(919) 774-6700
264	• **Amerace**/industrial equipment	330	4,300	Hackettstown, NJ	(201) 852-1122
265	**Jerseymaid Milk Products**/dairy products	330	500	Vernon, CA	(213) 586-2300
266	**K&B**/drugstores	330	2,900	New Orleans, LA	(504) 586-1234
267	**Thomson McKinnon Securities**/securities brokerage	330	4,500	New York, NY	(212) 482-7000
268	**Club Corp of America**/sports clubs	325	9,000	Dallas, TX	(214) 243-6191
269	**Freedom Newspapers**/newspapers	322	3,800	Santa Ana, CA	(714) 542-4415
270	**Rinker Materials**/cement	322	2,400	W Palm Beach, FL	(305) 833-5555
271	**C&S Wholesale Grocery**/food wholesaler	320	250	Brattleboro, VT	(802) 257-4371
272	**Colonial Oil Industries**/oil	320	187	Savannah, GA	(912) 236-1331
273	**Fiesta Mart**/grocery stores	320	2,500	Houston, TX	(713) 869-5060
274	**ER Carpenter**/plastic foams	315	4,500	Richmond, VA	(804) 359-0800
275	**MA Mortenson**/construction	315	500	Minneapolis, MN	(612) 522-2100
276	**3 Beall Brothers 3**/retail	314	5,000	Jacksonville, TX	(214) 586-9823
277	**Jitney-Jungle Stores of America**/grocery stores	313	3,000	Jackson, MS	(601) 948-0361
278	**McCall Oil & Chemical**/chemicals and oil distribution	313	400	Portland, OR	(503) 228-2600
279	**Lumbermen's Merchandising**/lumber, building materials	309	100	Wayne, PA	(215) 293-7000
280	**Encyclopaedia Britannica** /publishing	305	2,800	Chicago, IL	(312) 347-7000

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
281		**American Cast Iron Pipe**/fire hydrants, steel pipes	$300	3,200	Birmingham, AL	(205) 325-7701
282		**Atlantic Processing**/dairy processing	300	900	Allentown, PA	(215) 433-5111
283		**Avtex Fibers**/textiles	300	3,000	Valley Forge, PA	(215) 251-7700
284		**Boyd Group**/hotels and casinos	300	6,500	Las Vegas, NV	(702) 454-8014
285		**Bromar**/food wholesaler	300	600	Newport Beach, CA	(714) 640-6221
286		**Colonial Sugars**/sugar refining	300	600	Mobile, AL	(205) 433-0454
287		**Consolidated Cos**/grocery stores	300	1,000	Metairie, LA	(504) 834-4082
288		**Day & Zimmermann**/engineering, consulting	300	9,600	Philadelphia, PA	(215) 299-8000
289		**Dick Corp**/construction	300	3,500	Pittsburgh, PA	(412) 664-8000
290		**Fidelity Investments**/fund management	300	2,416	Boston, MA	(617) 570-7000
291		**Granite Construction**/construction	300	3,000	Watsonville, CA	(408) 724-1011
292		**B Green & Co**/food wholesaler	300	1,100	Baltimore, MD	(301) 247-8300
293		**Greenwood Mills**/textiles	300	7,500	Greenwood, SC	(803) 229-2571
294	•	**Harley-Davidson Motor**/motorcycle mfg	300	2,421	Milwaukee, WI	(414) 342-4680
295		**Roy M Huffington**/oil and gas	300	3,200	Houston, TX	(713) 651-1600
296		**ICC Industries**/chemical	300	1,800	New York, NY	(212) 903-1700
297		**Krasdale Foods**/food distributor	300	525	Bronx, NY	(212) 378-1100
298		**Lamb Technicon**/machinery	300	1,500	Warren, MI	(313) 497-6000
299		**McJunkin**/industrial equipment	300	900	Charleston, WV	(304) 348-5211
300		**McWane**/pipe manufacturing	300	3,500	Birmingham, AL	(205) 969-0710
301		**H Molsen & Co**/cotton merchandising	300	40	Dallas, TX	(214) 748-4441
302	•	**Otasco**/retail	300	3,200	Tulsa, OK	(918) 437-7171
303		**Pickens-Bond Construction**/construction	300	1,500	Little Rock, AR	(501) 3[illegible]9941
304		**Randall Stores**/grocery stores	300	2,600	Mitchell, SD	(605) 996-7511
305		**Ris Paper**/paper distributors	300	490	Garden City, NY	(516) 742-2424
306		**Stowe Mills**/textiles	300	3,800	McAdenville, NC	(704) 824-3551
307		**Taubman Co**/real estate developer	300	1,600	Bloomfield, MI	(313) 258-6800
308		**URM Stores**/grocery distributor	300	450	Spokane, WA	(509) 467-2620
309		**Vitt Media International**/media planning and buying svcs	300	117	New York, NY	(212) 921-0500
310		**Brand-Rex**/electrical equipment	293	4,129	Willimantic, CT	(203) 456-8000
311		**FCX**/agricultural equipment	291	1,700	Raleigh, NC	(919) 828-4411
312	•	**California Home Brands**/food processing	290	2,736	Terminal Island, CA	(213) 831-8941
313		**American Seaway Foods**/food wholesaler	290	700	Bedford Heights, OH	(216) 663-5500
314		**Ohio Valley Electric**/electric utility	290	810	Piketon, OH	(614) 289-2376
315		**Roger Williams Food**/food wholesaler	290	350	Cumberland, RI	(401) 333-4000



More than 150 U.S. motorcycle manufacturers have bitten the dust, but Harley-Davidson survives.

316		**Dayton-Walther**/auto parts	288	3,096	Dayton, OH	(513) 296-3113
317		**Dillard Paper**/paper products	288	1,200	Greensboro, NC	(919) 299-1221
318		**Reliance Steel & Aluminum**/steel	284	775	Los Angeles, CA	(213) 582-2272
319	•	**Jupiter Inds**/trucking, natural gas, construction, real estate	281	3,000	Chicago, IL	(312) 527-2000
320	•	**American Sterilizer**/health care equipment	280	3,500	Erie, PA	(814) 452-3100

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

Rank		Company/business	Sales (millions)	Employees	City, State	Telephone
321	•	**Formica**/building materials	$280	4,000	Wayne, NJ	(201) 831-2000
322		**Mary Kay Cosmetics***/cosmetics	278	1,200	Dallas, TX	(214) 630-8787
323		**Rodgers Cos**/construction	275	1,100	Nashville, TN	(615) 361-4400
324		**Spalding & Evenflo**/sporting goods, baby products	274	4,300	Tampa, FL	(813) 887-5200
325		**Healthco**/dental equipment	272	2,200	Boston, MA	(617) 423-6045
326		**Consumers Markets**/grocery stores	267	2,000	Springfield, MO	(417) 866-4305
327		**Nibco**/valves and fittings	262	3,090	Elkhart, IN	(219) 295-3000
328		**Atalanta**/food importer	260	200	New York, NY	(212) 431-9000
329	•	**Dart Drug Stores**/drugstores	260	2,000	Landover, MD	(301) 772-6000
330		**Imperial Sugar**/sugar refining	260	643	Sugar Land, TX	(713) 491-9181
331	•	**Ti-Caro**/textiles	260	4,700	Gastonia, NC	(704) 867-7271
332	•	**Conair**/electrical appliances	260	875	Edison, NJ	(201) 287-4800
333		**Green Bay Packaging**/paper products	259	1,976	Green Bay, WI	(414) 433-5111
334	•	**Calvin Klein Limited**/apparel	258	5,500	New York, NY	(212) 719-2600
335		**Lufkin Industries**/oilfield equipment	258	2,800	Lufkin, TX	(409) 634-2211

Seventy-three-year-old sporting goods retailer L.L. Bean ranks number 339 on the private list.

336		**Wawa**/convenience stores	255	3,700	Wawa, PA	(215) 459-4700
337		**Fareway Stores**/grocery stores	255	2,200	Boone, IA	(515) 432-2623
338		**McClatchy Newspapers**/newspapers, CATV	255	3,000	Sacramento, CA	(916) 446-9476
339		**LL Bean**/specialty retail of outdoor sporting goods	254	1,550	Freeport, ME	(207) 865-4761
340		**Leo Burnett**/advertising	253	1,550	Chicago, IL	(312) 565-5959
341		**Atlanta Newspapers**/newspapers	250	5,300	Atlanta, GA	(404) 526-5151
342		**Barber-Colman**/industrial machinery	250	4,000	Rockford, IL	(815) 397-7400
343		**Bigelow-Sanford**/textiles	250	2,400	Greenville, SC	(803) 299-2000
344		**A Duda & Sons**/agribusiness	250	1,500	Oviedo, FL	(305) 365-2111
345		**Exide**/batteries	250	2,300	Horsham, PA	(215) 674-9500
346		**Gardinier**/fertilizer	250	1,100	Tampa, FL	(813) 677-9111
347		**Global Resources**/scrap metal	250	600	Fort Wayne, IN	(219) 422-5541
348		**Globe Oil Co USA**/convenience stores	250	1,000	Chamblee, GA	(404) 458-8100
349		**Gordon Food Service**/food wholesaler	250	800	Grand Rapids, MI	(616) 530-7000
350		**WL Gore & Associates**/products made of Teflon	250	2,700	Newark, DE	(302) 738-4880
351		**Hale-Halsell**/food wholesaler	250	450	Tulsa, OK	(918) 835-4484
352		**Haworth**/furniture	250	2,000	Holland, MI	(616) 392-5961
353		**Hydril**/oilfield equipment	250	2,000	Los Angeles, CA	(213) 749-4180
354		**Paul Inman Associates**/food broker	250	190	Farmington, MI	(313) 626-8300
355		**TL James & Co**/construction	250	3,000	Ruston, LA	(318) 255-7912
356	•	**Kaiser Agricultural Chemicals**/fertilizer	250	650	Port Wentworth, GA	(912) 964-4311
357		**LCP Chemicals & Plastics**/chemicals	250	1,100	Edison, NJ	(201) 225-4840
358		**Lennox Industries**/heating and air conditioning equip	250	4,500	Dallas, TX	(214) 980-6000
359		**Linbeck Construction**/construction	250	1,750	Houston, TX	(713) 621-2350
360		**Lincoln Inds**/elevators, textbooks	250	600	Lincoln, NE	(402) 467-4481

•Went private via leveraged buyout within last five years. *Shareholders to vote Nov. 19 on proposal to take company private.

The Largest Private Companies in the U.S.

Rank	Company/business	Sales (millions)	Employees	City, State	Telephone
361	**Foodtown Mel Markets**/grocery stores	$250	2,500	E Rockaway, NY	(516) 887-3910
362	**National Distributing**/wholesale distr alcoholic beverages	250	1,400	Atlanta, GA	(404) 696-9440
363	**Pulitzer Publishing**/newspapers	250	1,600	St Louis, MO	(314) 622-7000
364	**Spartan Mills**/textiles	250	4,900	Spartanburg, SC	(803) 574-0211
365	**TIC United Corp**/trucking, farm equipment, forgings	250	2,000	Dallas, TX	(214) 559-0580
366	**Washington Industries**/apparel	250	955	Nashville, TN	(615) 244-0600
367	**Cactus Feeders**/feed lots	249	280	Dumas, TX	(806) 935-7176
368	**HC Prange**/retail	247	6,000	Sheboygan, WI	(414) 457-3611
369	**Al Cohen Construction**/construction	246	180	Denver, CO	(303) 455-8800
370	**James Ferrera & Sons**/grocery stores	246	900	Canton, MA	(617) 828-6150
371	**GFV Communications**/coupon inserts	246	770	Farmington Hills, MI	(313) 553-9400
372	**Empire Inc**/oil and gas	245	1,300	Lebanon, MO	(417) 532-3101
373	**Capucci Creations International**/apparel	244	505	Beverly Hills, CA	(213) 275-0700
374	**HR International**/engineering services	244	275	Edison, NJ	(201) 287-2111
375	**Riedel Resources**/construction, concrete	244	2,000	Portland, OR	(503) 285-9111
376	**Carlson Group**/construction	243	500	Cochituate, MA	(617) 969-1200
377	**Barton-Malow**/construction	240	600	Detroit, MI	(313) 548-2000
378	**Beverage Management**/soft drinks	240	2,000	Columbus, OH	(614) 846-9800
379	**Flying J**/petroleum	240	1,800	Brigham City, UT	(801) 734-9416
380	**Inductotherm Inds**/induction, melting, heat equipment	240	2,700	Rancocas, NJ	(609) 267-9000
381	**Irvine Co**/real estate development and management	240	1,200	Newport Beach, CA	(714) 720-2000
382	**Whiting-Turner Construction**/construction	240	1,500	Baltimore, MD	(301) 821-1100
383	• **Williamhouse-Regency**/printing	240	3,700	New York, NY	(212) 691-2000
384	**Menasha**/packaging	239	2,500	Neenah, WI	(414) 729-0200
385	**DEC Intl**/industrial machinery, food processing	235	825	Madison, WI	(608) 222-4778
386	**Koll**/construction and real estate	235	650	Newport Beach, CA	(714) 833-3030
387	**Sealaska**/food processing, resources, building materials	234	1,133	Juneau, AK	(907) 586-1512
388	**American Rice**/food processing	233	408	Houston, TX	(713) 869-8241
389	**Berwind**/natural resources	232	2,296	Philadelphia, PA	(215) 563-2800
390	**Cowles Media**/newspapers	232	3,300	Minneapolis, MN	(612) 375-7000

Bumble Bee tuna has been canned privately since Castle & Cooke sold the business this year.

391	**Bumble Bee Seafoods**/tuna canning	230	1,780	San Diego, CA	(619) 235-0160
392	**Joyce Beverages**/soft drinks	230	1,500	New Rochelle, NY	(914) 632-7060
393	**Continental Cablevision**/broadcasting	226	3,000	Boston, MA	(617) 742-9500
394	**Commonwealth Co**/electrical contracting	225	3,500	Lincoln, NE	(402) 474-1344
395	**Darr Equipment**/construction equipment	225	1,050	Irving, TX	(214) 721-2000
396	**Dinwiddie Construction**/construction	225	750	San Francisco, CA	(415) 986-2718
397	**Handy-Andy**/grocery stores	225	1,300	San Antonio, TX	(512) 828-0028
398	**Litvak Meat Co**/meatpacking	225	225	Denver, CO	(303) 288-0766
399	**Lone Star Co**/wine and liquor distributor	225	750	Dallas, TX	(214) 243-1009
400	**Martin Gas Sales**/trucking, natural gas utility	225	535	Kilgore, TX	(214) 984-8571

•Went private via leveraged buyout within last five years.

The Largest Private Companies in the U.S.

This alphabetical listing shows the relative sales ranking of the 400 largest private companies in the U.S. The numerical ranking begins on page 131. For an explanation of rules, definitions and sources, see story that begins on page 128.

Company	Rank	Company	Rank	Company	Rank
Aarque Cos	189	Avondale Industries	45	Carlson Cos	13
ACF Industries	70	Avtex Fibers	283	Carlson Group	376
Advance Publications	17	Barber-Colman	342	ER Carpenter	274
Albany International	234	Bartlett Agri Enterprises	117	CEI Construction	144
Fred W Albrecht Grocery	243	Barton-Malow	377	Central Newspapers	236
Aldinger Walbridge	196	Bass Enterprises	118	CF Industries	68
Algonquin Energy	84	Ted Bates Worldwide	209	Chatham Super Markets	212
Allegheny Ludlum Steel	91	Battelle Memorial Institute	176	Chemcentral	249
Allied Van Lines	185	AJ Bayless Markets	232	Club Corp of America	268
Almac's	247	LL Bean	339	Coca-Cola Bottling Co of NY	158
Amerace	264	Bear, Stearns & Co	24	Al Cohen Construction	369
Amerco	102	Bechtel Group	6	Colonial Oil Industries	272
American Brass	262	Belk Brothers	28	Colonial Sugars	286
American Cast Iron Pipe	281	Beloit	190	Columbian Enterprises	149
American Forest Products	154	LM Berry & Co	112	Commonwealth Co	394
American National Insurance	89	Berwind	389	Conair	332
American Rice	388	Beverage Management	378	Cone Mills	111
American Seaway Foods	313	Bigelow-Sanford	343	Congoleum	57
American Sterilizer	320	Blue Bell	51	Connell Rice & Sugar	58
Amstar	43	Bourns	248	Consolidated Cos	287
Amway	47	Boyd Group	284	Consumers Markets	326
Anchor Glass Container	186	Boy's Market	191	Continental Cablevision	393
Andersen Corp	142	Brand-Rex	310	Continental Grain	2
Arthur Andersen & Co	56	Bromar	285	Coopers & Lybrand	106
The Andersons	105	Brookshire Grocery	180	Copley Newspapers	250
Anschutz	155	Builder Marts of America	171	Cowles Media	390
CR Anthony	204	Bumble Bee Seafoods	391	Cox Enterprises	36
Apex Oil	3	Leo Burnett	340	Crowley Maritime	92
ARA Services	9	HE Butt Grocery	25	Dan River	122
Arcata	125	C&S Wholesale Grocery	271	D'Arcy, Masius, Benton & Bowles	113
Asplundh Tree Expert	242	Cactus Feeders	367	Darr Equipment	395
Associated Food Stores	123	California and Hawaiian Sugar	157	Dart Drug Stores	329
Associated Grocers	137	California Home Brands	312	Day & Zimmermann	288
Atalanta	328	Calvin Klein Limited	334	Dayton-Walther	316
Atlanta Newspapers	341	Cannon Mills	79	DEC International	385
Atlantic Processing	282	Capucci Creations International	373	Delaware North Co	93
Atlantic Refining & Marketing	156	Cardinal Industries	187	Deloitte Haskins & Sells	182
Austin Industries	213	Cargill	1	Demoulas Super Markets	94

The Largest Private Companies in the U.S.

Company	Rank	Company	Rank	Company	Rank
Denny's	46	Golden State Foods	108	ICC Industries	296
Dick Corp	289	Goldman, Sachs & Co	219	Imperial Clevite	162
Dillard Paper	317	Golub	109	Imperial Sugar	330
Dillingham	29	Gordon Food Service	349	Inductotherm Industries	380
Dinwiddie Construction	396	WL Gore & Associates	350	Ingles Markets	181
Dr Pepper	133	Granite Construction	291	Ingram Industries	97
Dominick International	135	Graybar Electric	26	Paul Inman Associates	354
Dominick's Finer Foods	38	Green Bay Packaging	333	Irvine Co	381
Drexel Burnham Lambert	59	B Green & Co	292	TL James & Co	355
Louis Dreyfus	12	Greenwood Mills	293	Jerseymaid Milk Products	265
Drummond Co	119	Grocers Supply Co	159	Jitney-Jungle Stores of America	277
Dubuque Packing	137	SJ Groves & Sons	205	A Johnson & Co	40
Duchossois Enterprises	136	Guardian Industries	143	SC Johnson & Son	18
A Duda & Sons	344	Gulf Consolidated Services	76	Journal Co	261
Dunavant Enterprises	60	Gulf States Toyota	127	Joyce Beverages	392
E-Z Serve	71	Hale-Halsell	351	Jupiter Industries	319
Early & Daniel	251	Hallmark Cards	30	K&B	266
Empire Inc	372	Handy-Andy	397	Kaiser Agricultural Chemicals	356
Encyclopaedia Britannica	280	Harbert	222	Ben E Keith	163
Ernst & Whinney	78	Harley-Davidson Motor	294	Kendavis Holding	62
Esprit de Corp	80	Harte-Hanks Communications	174	Kidder, Peabody	87
Estée Lauder	48	Hartz Mountain	146	Peter Kiewit Sons	52
William Esty	139	Haworth	352	King Kullen Grocery	184
Exide	345	HBE Corp	239	Koch Industries	4
Fareway Stores	337	HCB Contractors	210	Kohler	199
Farley Industries	15	Healthco	325	Koll	386
FCX	311	Hearst	33	Krasdale Foods	297
Fedco	126	Helmsley, Spear	61	Lamb Technicon	298
Ferrell Cos	221	Herbalife International	172	LCP Chemicals & Plastics	357
James Ferrera & Sons	370	HR International	374	Lennox Industries	358
Fidelity Investments	290	Hillman Co	73	Leslie Fay	200
Fiesta Mart	273	Home Interiors & Gifts	252	Levi Strauss & Co	14
First National Supermarkets	35	Horsehead Industries	96	Levitz Furniture	85
Flying J	379	Houdaille Industries	160	Alfred M Lewis	116
Foodtown Mel Markets	361	JM Huber	151	Linbeck Construction	359
Formica	321	Roy M Huffington	295	Lincoln Industries	360
Freedom Newspapers	269	Hughes Corp	231	Lincoln Property	22
George A Fuller	218	Hughes Markets	246	Litvak Meat Co	398
EJ Gallo Winery	120	The Hunt Corp	161	Lone Star Co	399
Gardinier	346	Hunt Energy	223	Lufkin Industries	335
Gates Rubber	115	Hunt Oil	31	Lumbermen's Merchandising	279
General Felt Industries	235	Hutzler's	224	Lykes Bros Steamship	217
GFV Communications	371	Hy-Vee Food Stores	44	Malone & Hyde	11
Giant Eagle	39	Hyatt Hotels	34	Maritz	152
Gilbane Building	95	Hydril	353	Marley	164
Global Resources	347	Hyplains Dressed Beef	253	Mars	8
Globe Oil Co USA	348	Hyster	211	Martin Gas Sales	400
GNB	238			Mary Kay Cosmetics	322

The Largest Private Companies in the U.S.

Company	Rank
McAndrews & Forbes Holdings	98
McCall Oil & Chemical	278
McClatchy Newspapers	338
McDevitt & Street	150
McJunkin	299
McLane	41
McWane	300
Meijer	63
Mellon Stuart Holding	216
Menasha	384
Merchants Distributors	237
Metallurg	128
Metromedia	134
Fred Meyer	32
Microdot	240
Milliken & Co	19
Minyard Food Stores	254
Mocatta Metals	5
H Molsen & Co	301
Moorman Manufacturing	206
Morgan Stanley & Co	129
MA Mortenson	275
Nash Phillips/Copus	188
National Distributing	362
NES	104
Nibco	327
NJ Manufacturers Ins and Reinsurance Co	215
North Pacific Lumber	165
Ohio Valley Electric	314
Oklahoma Publishing Co	192
Otasco	302
Pace Industries	21
Pacific Northern Oil	241
Packerland Packing	175
Pamida	198
RB Pamplin	225
The Pantry	263
Parsons & Whittemore	130
Parsons Corp	75
Peat, Marwick, Mitchell & Co	37
CL Peck Contractor	183
Perdue Farms	101
Phelps	207
Philips-Van Heusen	141
Pickens-Bond Construction	303
Piggly Wiggly Southern	148
Pilgrim Industries	193
Potamkin Cadillac	103
HC Prange	368
Price Waterhouse	145
Publix Supermarkets	10
Pulitzer Publishing	363
Racetrac Petroleum	233
Raley's	81
Randall Stores	304
Rapid-American	23
Raymond International	74
Rayovac	226
Reader's Digest Associates	42
Reliance Steel & Aluminum	318
Renfield	69
Rich Products	131
Richfood	72
Riedel Resources	375
Rinker Materials	270
Ris Paper	305
Rock Island Refining	132
Rodgers Cos	323
Roger Williams Food	315
Roseburg Forest Products	194
Rosenthal Cos	255
Roundy's	55
Sammons Enterprises	53
Schnuck Markets	66
Schreiber Foods	166
Schwan's Sales Enterprise	167
Schwegmann Giant Supermarkets	202
Science Applications International	214
Sealaska	387
Sealy	177
SFN	244
Shaw's Supermarkets	99
Shurfine-Central	147
Signode Industries	90
JR Simplot	49
Simpson Timber	86
Smith Barney, Harris Upham & Co	121
Southwire	138
Spalding & Evenflo	324
AG Spanos Cos	110
Spartan Mills	364
Sprague Resources	256
Steelcase	50
Steuart Petroleum	220
Stowe Mills	306
Stroh Brewery	27
Superior's Brand Meats	173
Sweet Life Foods	67
Swinerton & Walberg	201
Tang Industries	259
Tauber Oil	168
Taubman Co	307
Taylor & Sledd	257
Thomson McKinnon Securities	267
3 Beall Brothers 3	276
Ti-Caro	331
TIC United Corp	365
Ron Tonkin Cos	245
Touche Ross & Co	203
Trailways	195
Trammel Crow Residential Cos	64
TransAmerican Natural Gas	169
Transammonia	82
Triangle Publications	77
Twentieth Century-Fox Film	88
UIS	178
Uniroyal	16
United Parcel Service	7
United Van Lines	153
URM Stores	308
USA Petroleum	170
Vanguard Energy	227
Vantage Cos	100
Vista Chemical	140
Vitt Media International	309
Warren Equities	114
Washington Industries	366
Wawa	336
Wegmans Food Markets	124
Weinstein International	20
Weirton Steel	65
Wheaton Industries	228
Whiting-Turner Construction	382
Wilbur-Ellis	197
Williamhouse-Regency	383
Wometco Enterprises	258
World Carpets	229
WWF Paper	230
Wyatt	83
Young & Rubicam	179
Arthur Young	54
Youngs Market	260
HB Zachry	208

typically a mother with a child or two," explains Kenneth Defren, manager of corporate communications. "Mothers are our constituency. We appeal to them by design."

But GF doesn't seem to be insisting on a direct connection. How else account for yet another GF campaign, the one linking Maxwell House coffee to the fight against muscular dystrophy, which the company has mounted every fall for five years? However worthy the cause, it's hard to see a direct link between coffee drinkers and that particular affliction.

Not all causes make marketing sense, of course. An overwhelmingly popular cause may overwhelm the sponsor. A controversial cause—tackling teenage pregnancy through better sex education, say—might embroil a company in controversy.

In its latest cause-related gambit, in fact, American Express has decided to design a cause of its own. In a $6 million campaign launched this fall, the company is encouraging the use of its services by promising contributions to Project Hometown America. What's that? An organization created by American Express to funnel funds to grassroots projects aimed at a variety of problems—the homeless, teenage alcohol and drug abusers. American Express expects to raise about $3 million by December.

There seems to be at least a potential for a marketing miscalculation here. True, the company has insulated itself from the decision-making process by choosing a board of volunteers from United Way, the Girl Scouts and other old-line organizations to decide how Project Hometown America funds will be spent. But a month after the campaign's debut, American Express had already received 60 proposals and over 6,000 requests for more information. Isn't there a risk that rejected grassroots groups will blame American Express if there's not enough money to go around? "People see us as a new source of support and encouragement," says Welsh. But the company may still wind up wishing it had stuck with the Statue of Liberty.

A Tang-sponsored March Across America

Post cereals' and Pacific Bell's "Cali Quail" promotion
"Mothers are our constituency."

Ed Kashi

Regional cable programmers are signing up sports teams quicker than Dwight Gooden can throw a fastball. Will viewers and advertisers follow?

Buying the true believers

John Cooleen is a sports fan with a problem. Cooleen, 25, a government bond broker for a small Manhattan firm, grew up on Long Island and is an avid fan of the Islanders hockey team. Like other Islander supporters, he has been accustomed to seeing as many as 20 Islander games per season free on WOR-TV, a local independent television station. This season Cooleen will see none. Reason: SportsChannel, a local pay-TV cable service jointly owned by the Washington Post Co., CBS and New York cable-television entrepreneur Charles Dolan, now has exclusive rights to televise Islander games in the New York area.

Cooleen can afford to pay SportsChannel's $8 monthly fee, but he won't have the chance. He now lives in Brooklyn, which is not yet wired for cable. "Not fair," Cooleen gripes. Will he switch his loyalties to the New York Rangers, whose games can still be viewed on broadcast TV? "I might," he says, "but I'd also get cable as soon as I could."

Welcome to the untidy world of pay-TV sports. Over the past few

SportsChannel manager Thomas Chestnut and Islanders owner John Pickett
Brooklyn, for now, is among the missing.

Rob Kinmonth

Marketing

years about two dozen regional cable sports networks have sprung up around the country, locking up all or part of the television rights to hometown teams.

The cable services can't compete with the networks for the hottest attractions, like the National Football League games and baseball's league playoffs and World Series. But big pieces of other professional sports seasons, including basketball and baseball, are showing up in their hometowns exclusively on cable. "SportsChannel even has the rights to the Stanley Cup playoffs in the New York area," says Thomas Chestnut, general manager of the cable programmer. (That is, if the Islanders get that far this year.)

John Cooleen is a tempting target—hard-core sports fan, male, in the 21-to-49 age bracket—but beer and auto advertisers will have to reach him

The top regional cable sports networks

Survival is assured to none of the new sports services. Those with the best chance of making it serve the largest metropolitan areas and can offer something approaching year-round programming.

Major markets	Network	Teams	Owners	Subscribers (thousands)
New York	**Madison Square Garden Network**	NY Knicks, NY Rangers	Gulf & Western	1,800*
Los Angeles	**Prime Ticket Network**	LA Lakers, LA Kings, LA Lazers	Daniels & Assoc/Jerry Buss	800*
New York	**SportsChannel NY**	NY Mets, NY Yankees, NY Islanders, NJ Nets	Washington Post/CBS/ Rainbow Programming	430
Philadelphia	**Prism**	Phila Phillies, Phila 76ers, Phila Flyers	Washington Post/CBS/ Rainbow Programming	380
Detroit	**Pro Am Sports System (PASS)**	Detroit Tigers, Detroit Pistons	John E. Fetzer	104* 87
Washington, DC	**Home Team Sports**	Balt Orioles, Washington Bullets, Washington Capitals	Group W Satellite Communications	180
Chicago	**SportsVision**	Chicago Blackhawks, Chicago Bulls, Chicago White Sox	Washington Post/CBS/ Rainbow Programming	110* 49
Dallas, Houston	**Home Sports Entertainment**	Houston Astros, Texas Rangers, Houston Rockets, Dallas Mavericks, NJ Devils	Houston Sports Assn	140
New England	**SportsChannel New England**	Boston Celtics, Hartford Whalers	Washington Post/CBS/ Rainbow Programming	95
New England	**New England Sports Network**	Boston Red Sox, Boston Bruins	Storer Comm/Boston Red Sox/ Boston Bruins	69

*Service comes free with cable subscription.

Source: QV Publishing

some other way, for now. In the world beyond Brooklyn, however, cable sports programming services have a good deal more to offer these days. Viewership of free, over-the-air network sports has slipped slightly over the last few years, in part because of cable competition.

Besides, advertisers like cable viewers as such because they tend to have more money to spend than broadcast viewers. "We are interested in people who have paid a premium to have this sports service in their home," says David Martin, an advertising executive at Stroh Brewery, which plans to spend $3.5 million on cable sports buys this year. That's only 5% of the company's $85 million ad budget, but twice what Stroh spent for cable buys last year.

For all that, it's far from clear that sports on cable TV is here to stay as a business. High startup costs have caused the several sports networks to fold this year alone, including services in St. Louis, Milwaukee and Minneapolis. Nevertheless, some investors with deep pockets are giving it a serious try *(see table, p. 252)*, to the immediate benefit of some team owners, at least. "This year, cable will pay us four or five times what WOR-TV did," says Islanders owner John O. Pickett. "Now," Pickett says, "we can be five times as competitive in the market for players."

Some teams are investing as well. The Boston Bruins and Boston Red Sox, for example, each own a share of New England Sports Network. The Los Angeles Dodgers are partners with Metromedia.

Cable audiences are still small compared with broadcast TV, and they don't come cheap. A 30-second WPIX-TV broadcast spot on a New York Yankees game might have a typical cpm—or cost per thousand households—of $12.63. A typical *SportsChannel* New York game would have a cpm of about $16.

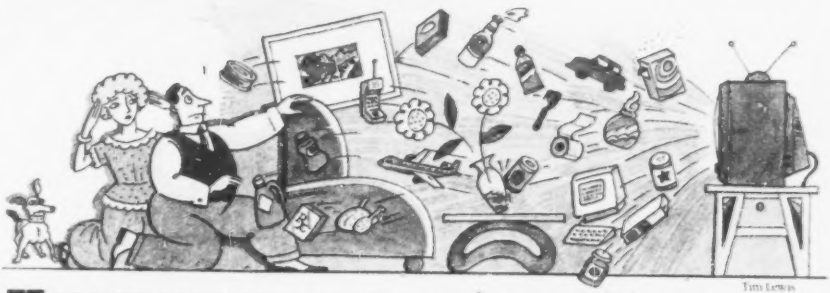
So cable time remains a hard sell. The regional sports networks now manage to sell only about 50% to 75% of the twenty 30-second spots available per hour, according to Dantia Quirk, editor and publisher of *Cable Sports Newsletter*.

The sell will get easier only if fans sign up in sufficient numbers. A cable network needs at least 150,000 subscribers before it can begin to break even on its subscriber revenues. So far only a handful—New York's SportsChannel and Philadelphia's Prism, among them—have reached those subscriber levels. Many observers insist that only the largest markets in the country, with year-round sports programming, can support a regional cable network.

For the club owners another question looms, a sort of conflict of self-interest. The cable services understandably want exclusivity, or as close to that as they can get, to motivate potential subscribers. Many team owners, however, are unwilling to give it. Even the Boston Red Sox won't give an exclusive deal to the cable network it partly owns. "You want to keep people enthused about the Red Sox by seeing them on regular television," says Red Sox General Manager Lou Gorman, "you want to introduce them to baseball." The commissioner of baseball's contract with the networks, insuring several games a week on free TV, does not expire until 1989.

The owners of pay-TV services take a longer view. "In the late 1980s we expect a certain scarcity of sports programming over the air," says Joel Chaseman, a Washington Post Co. cable executive. "We'll have it, and people who are sports fans will have to watch it from us."—**Janet Bamford**

Time and emotion studies



HOW MUCH SELLING power can you pack on the head of a pin? With the television networks, led by CBS, starting to sell commercial time in units as small as 15 seconds this fall, we're about to find out. Anxious grumbles from clients and their agencies about the resulting "clutter" persist, but in the meantime the creative types who have to get on with the job are already discovering some tricks.

The J. Walter Thompson agency, in a joint study with ABC-TV, found that 15s work best for well-known brands that use straightforward, informational advertisements. They also work well at building consumer awareness for new products. At their best, says Thompson, 15s can be up to 80% as effective as traditional 30-second commercials—at little more than half their cost.

But some types of products just don't seem to work on 15s. "We've found that the more emotional a product's ad campaign," says Edith Gilson, senior vice president at J. Walter Thompson, "the less effective short commercials are." When consumers are used to an emotional pitch, as in perfume ads, effectiveness for the 15-second spots could be as low as 30% of 30-second spots. Stephen Novick, director of broadcast production at Grey Advertising, agrees. Says Novick: "There's not enough time in 15-second commercials for music or dialog to have an emotional impact."

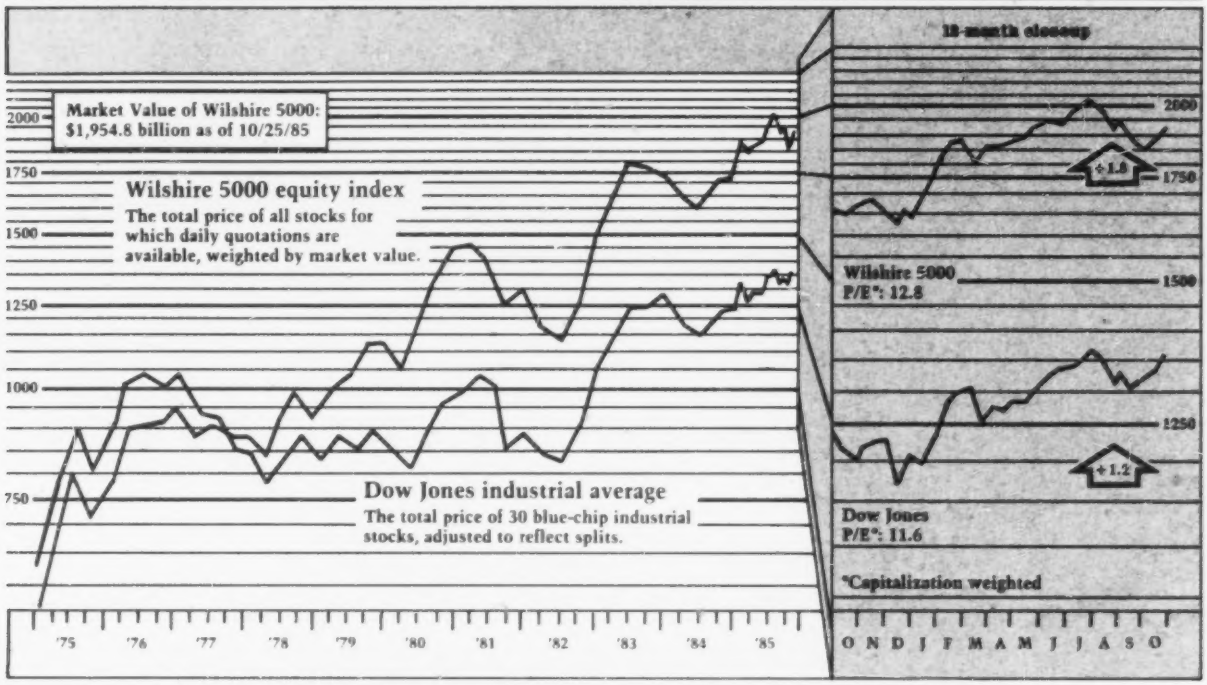
General Foods is already running 15-second spots for eight of its best-known products, including JELL-O, Kool-Aid and Sanka. "We're not relying on them to tell the whole story," says Robert Haynes, director of creative services, "but they reinforce our message."

But Haynes is reluctant to use the 15s to push GF's line of spice-flavored International Coffees, whose commercials rely heavily on dialog. In one current 30-second commercial for the product, two women on the porch of a vacation home catch up on old times in a spirit of warm intimacy while their husbands sleep late off-camera. GF's coffee is positioned as a treat to make the occasion more special—a hard situation to dramatize in the blink of an eye.

Despite some tempting incentives to cut production costs, many agencies will resist efforts to pare existing 30s down to 15s. Says Novick: "Bastardizing longer commercials just doesn't work. Usually the concepts are too involved—the music and dialog seem choppy." Says Charles Miesmer, a senior vice president at BBDO: "You run the risk of looking as though you're just trying to fast-talk someone."—**Jill Andresky**

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



It can be tough breaking old records. During the most recent two-week period the Dow industrials reached a new high of 1369 before settling back and posting only a 1.2% gain. The secondary market finished higher than the Dow: Nasdaq shares led with a 2.7% gain, while Amex shares moved up 1.7%. The Wilshire index of more than 5,500 issues gained 1.8%. The Nasdaq, up 17% over the past 52 weeks, now shows the best performance. The Amex, still hampered by its overemphasis on small energy companies, places last, with an 8.3% gain.

Optimists see in the recent strength of Nasdaq the beginning of a broad-based rally. On the other hand, the new peak in the Dow came with relatively lackluster volume, and this trading activity has been propped up by merger activity and speculation. And with the Wilshire's current P/E of 12.8 there may not be too much more room for the market to rise—especially in light of the rather unexceptional third-quarter earnings now being reported.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	3.3	3.7	2.7	3.4	2.2	3.3
in last 52 weeks	14.2	15.9	12.6	13.7	8.3	17.0

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	3.8	2.5	4.6	2.9	1.7	3.6	3.5	2.7	6.5	3.4	3.9	0.1
in last 52 weeks	17.0	16.0	23.8	25.7	10.2	21.9	21.2	25.2	24.5	23.8	25.8	5.3

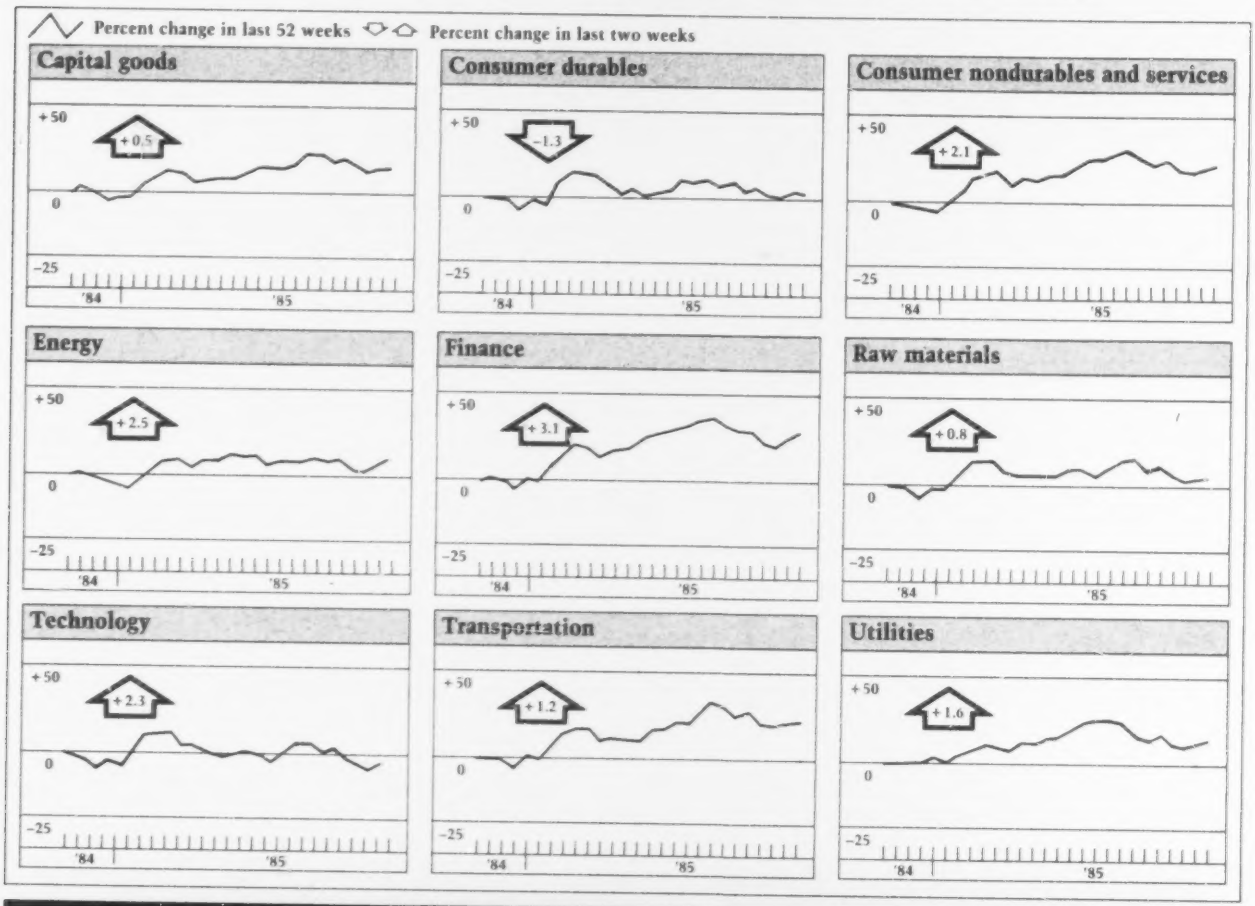
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High volatility issues have wide price fluctuations; low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 10/25/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Tired of takeovers? Litton Industries, one of the biggest gainers, up 19% during the last two weeks, profited from takeover rumors. Southland Royalty jumped 28% after Burlington Northern announced plans for a tender offer. And Standard Oil of Ohio rose 14% on rumors that British Petroleum will try to acquire the shares that it doesn't already own.

Helped by the merger talk, energy issues did best, up 2.5% for the fortnight. Technology issues did almost as well, for fundamental reasons. Improved earnings for Digital Equipment and better than expected earnings for Apple Computer spurred these shares. The only group to lose ground during this stretch was consumer durables, where General Motors and Ford were weak.



What The Analysts Think

Gnawing away. For every 1985 estimate that they raise, analysts are cutting at least three other estimates. During the last two- and four-week periods the cuts have been pretty much across the board. Only consumer goods sectors managed to eke out slight upward revisions. Shares chopped the most: transportation.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$3.28	11.9
1985 estimates	3.77	10.3
1986 estimates	4.38	8.9

Rank based on change in estimate	Sector	Estimated 1985 EPS	Estimated 1985 P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Consumer nondurables	$2.36	13.0	0.89%	0.77%
2	Consumer durables	4.94	8.2	0.40	0.18
3	Finance	3.11	10.3	-0.25	-0.24
4	Utilities	3.45	7.9	-0.26	-0.31
5	Energy	3.44	8.8	-0.57	-1.14
6	Capital goods	2.54	12.4	-1.46	-1.81
7	Technology	2.51	13.1	-1.70	-2.77
8	Raw materials	1.81	13.7	-2.09	-3.21
9	Transportation	2.41	11.0	-3.00	-4.80

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 10/25/85. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

The Forbes/TUCS Institutional Portfolio Report

Edited by Steve Kitchen

HOW DID THE PROFESSIONALS DO last quarter? Worse than the market. The Trust Universe Comparison Service, maintained by Santa Monica, Calif.-based Wilshire Associates, monitors 3,700 pension portfolios. That sample represents approximately 20% of the estimated $1.3 trillion total U.S. pension assets. TUCS says that institutional equity accounts had a total return—dividends plus capital gains or losses—of minus 4.7% for the quarter. Meanwhile, the Wilshire index of 5,500 stocks—the stock market as a whole—lost slightly less: 4.3%.

Diversified equity managers—generalists—did better than others, with a median total return of minus 2.5%. Emerging growth portfolios suffered the biggest declines, a median of minus 5.8%. Value managers—professed followers of Ben Graham—helped by merger activity in defensive food stocks, have the best 12- and 24-month records. This is the kind of market where the value approach really shines; a roaring bull market will tend to favor investors who chase riskier stocks.

Overall the quarter was better for bonds than for stocks. Convertible bonds and preferreds were off 1.5%, while straight bonds returned 2.2%.

Over the last 12 months the pattern was similar to that of the latest quarter. Fixed-income investments showed a total return of 21.7%, as compared with 13.5% for equities. For the past year the most disappointing area for professional investors was the "other" category, which includes real estate, foreign investments, venture capital and guaranteed insurance contracts. This did only about one-third as well as equities.

Even as the stock market was slumping, corporations were pulling money out of their pension funds to dress up their own balance sheets. The minus 1.8% figure at right under "shift in institutional holdings" shows declines in fund balances above and beyond the negative returns.

Corporations can justify drawing money out of their pension plans by adopting more generous assumptions about long-term performance of the investments. The termination of overfunded plans—common in corporate restructurings—also plays a role here.

The biggest withdrawal of funds, the minus 21.7% in the "other" category, may reflect fears that investors have about losing tax breaks for real estate. Pension funds don't pay taxes, but tax reform could cut resale values.

Where the institutions put their money

Segment	—Portfolio weighting— most recent quarter	previous quarter
Equity	55.4%	56.8%
Fixed income	29.4	28.1
Cash and equivalents	11.5	10.4
Convertibles	0.8	0.9
Other[1]	2.9	3.8

Equity portfolio characteristics

	Institutional portfolios	Wilshire 5000
Price/earnings ratio	13.0	12.6
Dividend yield	3.7%	4.8%
Beta[2]	1.02	1.07
Price/sales	1.04	1.02
Price/book	2.05	2.02

Segment performance and cash flows

Segment	—Most recent quarter— median total return	shift in institutional holdings	——Latest 12 months—— median total return	shift in institutional holdings
Equity	–4.7%	0.8%	13.5%	0.4%
Fixed income	2.2	–0.5	21.7	–3.5
Cash equiv	2.0	0.9	9.0	–11.0
Convertibles	–1.5	–6.4	19.3	–5.3
Other[1]	2.0	–10.0	4.7	–21.7
Total	–1.1	–1.8	16.0	–6.2

How different managers performed

Manager style	Total return— recent quarter	12 months	24 months
Diversified	–2.5%	15.6%	11.1%
Growth	–5.2	12.3	4.0
Growth–emerging	–5.8	12.3	2.9
Market timer	–3.6	12.4	5.2
Sector rotator	5.1	13.1	5.8
Value	–3.7	16.3	12.5

Position changes: These securities had the greatest relative change in holdings over the last quarter

Security	Increase in holdings	Total quarter return	Security	Decrease in holdings	Total quarter return
Amoco	5.6%	3.7%	American Express	–1.9%	–11.9%
Chevron	3.9	0.6	Fed Dept Strs	–1.5	–11.7
Digital Equip	2.4	15.5	American Brands	–1.4	–16.0
Exxon	1.5	–2.1	Citicorp	–1.3	–16.9
Vulcan Materials	1.5	5.2	CBS	–1.2	–4.5
NWA	1.3	–10.7	Bristol-Myers	–1.2	–11.3
FPL Group	1.2	–8.9	Schlumberger	–1.1	–10.6
MCA	1.1	15.6	Gen Elec	–1.1	–6.2
USG	0.9	–11.4	Toys "R" Us	–1.1	–2.0
Phillips Pete	0.9	7.6	Phibro-Salomon	–1.1	–17.3

[1]Real estate, foreign investments, venture capital, guaranteed insurance contracts.
[2]A measure of risk. A stock with a beta of 1.00 tends to move up or down at the same rate as the S&P's 500.
Note: Data for quarter ending 9/30/85. Prepared by the Trust Universe Comparison Service (TUCS®), a service of Wilshire Associates, Santa Monica, Calif.

Where the institutions are—and aren't

Most overweighted relative to Wilshire 5000			Most underweighted relative to Wilshire 5000		
	% of			% of	
Security	institutional universe	Wilshire 5000	Security	institutional universe	Wilshire 5000
Digital Equipment	0.7%	0.4%	Exxon	0.7%	2.3%
Federated Dept Stores	0.5	0.2	AT&T	0.4	1.3
Lockheed	0.4	0.2	IBM	3.6	4.4
SmithKline Beckman	0.5	0.3	General Electric	1.1	1.5
McDonald's	0.5	0.3	Amoco	0.6	1.0
Boeing	0.6	0.4	BellSouth	0.3	0.7
Philip Morris	0.7	0.5	EI du Pont de Nemours	0.4	0.8
Ford Motor	0.7	0.5	Standard Oil of Ohio	0.2	0.6
Waste Management	0.4	0.2	Allied-Signal	0.1	0.4
American Brands	0.3	0.2	Royal Dutch Petroleum	0.6	1.0

Filling up. Professional money managers are still light on energy stocks, even though they were net purchasers of the major oils last quarter. Energy stocks rose from 7.1% of the institutional portfolio in the second quarter to 7.8% in the third. The table at left, "Position changes," shows that four oils are ranked in the list of the top ten companies, with the greatest increases in institutional holdings over the last quarter.

Portfolio managers also increased their holdings in consumer durables, raw materials and technology. The rise in technology holdings from 13.5% to 13.7% of the portfolio could be signaling an end to the prolonged slump for this group. Meanwhile, institutions were heavy sellers of interest-sensitive shares, particularly in the finance sector, and, to a lesser extent, in the utilities group. Capital goods and transportation holdings were also cut.

Sector activity and top holdings

% of institutional portfolio: ■ most recent quarter ■ previous quarter

Capital goods	4.4% 4.7%	Consumer durables	5.0% 4.2%	Consumer nondurables	25.1% 27.7%
	total return		total return		total return
General Electric	– 6.2%	General Motors	– 5.3%	Philip Morris	–11.1%
Westinghouse Electric	10.4	Ford Motor	– 0.6	McDonald's	– 5.0
Emerson Electric	– 5.1	Chrysler	– 1.4	SmithKline Beckman	– 7.2
Caterpillar Tractor	7.2	Goodyear Tire & Rubber	– 5.9	Federated Department Stores	–11.7
Deere & Co	–17.5	RCA	–12.1	American Home Products	– 6.0
Energy	**7.8% 7.1%**	**Finance**	**11.1% 12.9%**	**Raw materials**	**10.3% 10.0%**
	total return		total return		total return
Exxon	– 2.1%	American Express	–11.9%	EI du Pont de Nemours	0.0%
Atlantic Richfield	4.7	Citicorp	–16.9	Waste Management	– 5.0
Royal Dutch Petroleum	9.3	Phibro-Salomon	–17.3	Dow Chemical	– 2.6
Amoco	3.7	American Intl Group	0.4	Monsanto	– 3.0
Schlumberger	–10.6	General Re	– 2.6	Union Carbide	20.0
Technology	**13.7% 13.5%**	**Transportation**	**3.3% 3.6%**	**Utilities**	**7.6% 7.3%**
	total return		total return		total return
IBM	1.0%	Burlington Northern	1.0%	Southwestern Bell	– 5.5%
Digital Equipment	15.4	AMR	–17.5	AT&T	–12.8
Boeing	2.0	Federal Express	– 1.1	GTE	– 1.8
Lockheed	– 7.5	Norfolk Southern	0.7	Nynex	–10.8
Hewlett-Packard	– 7.0	CSX	– 6.6	US West	– 7.5